Mercantile Bank Limited

Un-audited
Financial Statements

For the period 01 January 2016 to 30 September 2016

Financial Administration Division, Head Office
61, Dilkusha Commercial Area, Dhaka – 1000, Bangladesh

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
efficiency is our strength

Mercantile Bank Limited and its Subsidiaries
Un-audited Consolidated Balance Sheet
As at 30 September 2016

	Amount in BDT	
	Sep-16	Dec-15
Property and Assets		
Cash	**12,600,640,235**	**13,226,236,073**
Cash in hand (Including foreign currencies)	1,947,327,727	1,398,277,602
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	10,653,312,508	11,827,958,471
Balance with other banks and financial institutions	**5,858,603,197**	**4,099,692,248**
In Bangladesh	5,313,253,776	3,816,461,041
Outside Bangladesh	545,349,421	283,231,207
Money at call and short notice	800,000,000	800,000,000
Investments	**33,964,161,350**	**34,059,461,147**
Government	27,429,920,885	28,817,526,390
Others	6,534,240,465	5,241,934,757
Loans and Advances	**141,708,993,260**	**126,624,048,642**
Loans, Cash Credit, Overdraft etc.	130,416,742,525	117,965,234,987
Bills Purchased and Discounted	11,292,250,735	8,658,813,655
Fixed assets including premises, furniture and fixtures	3,252,998,022	3,348,176,820
Other assets	1,533,208,942	1,623,585,687
Non- banking assets	-	-
Total property and assets	199,718,605,005	183,781,200,617
Liabilities and Capital		
Liabilities		
Borrowings from other banks, financial institutions and agents	7,879,198,686	552,848,144
Deposits and other accounts	**154,959,510,245**	**147,708,732,715**
Current Accounts and Other Accounts	35,797,928,750	30,452,897,558
Bills Payable	2,116,314,845	1,634,654,462
Savings Bank Deposits	15,847,731,828	12,739,771,915
Fixed Deposits	37,303,807,580	42,028,786,930
Deposits Under Schemes	63,893,727,242	60,852,621,850
Subordinated bond	**3,000,000,000**	**3,000,000,000**
Other liabilities	**17,911,774,947**	**16,951,728,792**
Total Liabilities	**183,750,483,877**	**168,213,309,651**
Capital/Shareholders' Equity	**15,915,387,592**	**15,515,249,055**
Paid-up Capital	7,391,567,010	7,391,567,010
Statutory Reserve	5,290,728,860	4,751,781,375
Other Reserve	2,456,955,127	2,477,869,048
Surplus in Profit & Loss Account	776,136,596	894,031,622
Non Controlling Interest	52,733,535	52,641,911
Total Shareholders' Equity	**15,968,121,128**	**15,567,890,966**
Total Liabilities & Shareholders' Equity	**199,718,605,005**	**183,781,200,617**

Consolidated Balance Sheet
As at 30 September 2016

Off-Balance Sheet Items	Amount in BDT	
	Sep-16	Dec-15
Contingent Liabilities		
Acceptances and endorsements	27,612,290,016	22,710,709,305
Letters of guarantee	8,119,182,294	7,682,114,027
Irrevocable Letters of Credit	28,267,286,960	22,480,501,454
Bills for collection	9,791,766,623	8,771,335,282
Other contingent liabilities(BLW)	2,388,143,241	2,391,993,594
	76,178,669,134	64,036,653,662
Other Commitments		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
	-	-
Total Off-Balance Sheet Items including contingent liabilities	76,178,669,134	64,036,653,662

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited and its Subsidiaries
Consolidated Profit & Loss Account
For the 3rd Quarter 30 September 2016

	Amount in BDT	
	Sep-16	**Sep-15**
Interest Income	10,204,652,397	10,542,727,685
Less: Interest Paid on Deposits, Borrowings etc.	8,059,679,345	9,103,533,703
Net Interest Income	**2,144,973,052**	**1,439,193,982**
Investment Income	2,262,171,862	2,285,479,592
Commission, Exchange and Brokerage	1,365,011,199	1,215,645,212
Other Operating Income	1,531,967,056	706,755,767
	5,159,150,118	**4,207,880,571**
Total Operating Income	**7,304,123,170**	**5,647,074,553**
Salaries and Allowances	1,805,856,656	1,294,383,375
Chief Executive's Salary and Fees	8,530,645	9,439,351
Directors' Fees	4,826,800	2,951,375
Rent, Taxes, Insurances, Electricity etc.	472,328,112	402,999,815
Legal Expenses	6,499,310	3,040,533
Postage, Stamps, Telecommunication etc.	47,227,318	51,780,957
Stationery, Printings, Advertisements etc.	146,661,470	146,566,279
Auditors' Fees	115,000	147,500
Depreciation and Repair to Bank's property	286,542,346	200,206,905
Other Expenses	1,638,816,107	700,668,387
Total Operating Expenses	**4,417,403,765**	**2,812,184,477**
Profit/(loss) before provision	**2,886,719,405**	**2,834,890,076**
Provision for loans and advances including off Balance Sheet items	140,467,158	1,608,180,266
Provision for diminution in value of investments in shares	-	-
Other Provision	45,000,000	-
Total Provision	**185,467,158**	**1,608,180,266**
Total Profit before taxes	**2,701,252,247**	**1,226,709,810**
Provision for Current Tax	1,395,000,000	750,000,000
Provision for Deferred Tax	5,000,000	-
	1,400,000,000	**750,000,000**
Net Profit after Taxation	**1,301,252,247**	**476,709,810**
Retained Surplus brought forward from previous year	16,565,369	24,074,102
Profit available for appropriation	**1,317,817,616**	**500,783,912**
Appropriation		
Statutory Reserve	538,947,485	234,490,044
Non Controlling Interest in Profit	2,733,535	7,299,064
Retained Surplus	776,136,596	258,994,804
	1,317,817,616	**500,783,912**
Consolidated Earnings Per Share (EPS)	**1.76**	**0.64**

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited and its Subsidiaries
Consolidated Profit & Loss Account
For the 3rd Quarter 30 September 2016

	Amount in BDT			
	Jan -Sept'16	**Jan - Sept'15**	**July-Sept'16**	**July-Sept'15**
Interest Income	10,204,652,397	10,542,727,685	3,456,771,908	3,600,049,563
Less: Interest Paid on Deposits, Borrowings etc.	8,059,679,345	9,103,533,703	2,664,722,528	3,242,302,715
Net Interest Income	2,144,973,052	1,439,193,982	791,049,380	357,746,848
Investment Income	2,262,171,862	2,285,479,592	753,149,036	949,649,454
Commission, Exchange and Brokerage	1,365,011,199	1,215,645,212	440,494,314	429,466,030
Other Operating Income	1,531,967,056	706,755,767	207,316,659	163,998,249
	5,159,150,118	4,207,880,571	1,400,960,010	1,543,113,733
Total Operating Income	7,304,123,170	5,647,074,553	2,192,009,390	1,900,860,581
Salaries and Allowances	1,805,856,656	1,294,383,375	618,134,427	521,164,284
Chief Executive's Salary and Fees	8,530,645	9,439,351	2,550,000	4,049,028
Directors' Fees	4,826,800	2,951,375	1,664,060	816,190
Rent, Taxes, Insurances, Electricity etc.	472,328,112	402,999,815	171,102,781	144,209,252
Legal Expenses	6,499,310	3,040,533	1,740,246	1,473,381
Postage, Stamps, Telecommunication etc.	47,227,318	51,780,957	15,464,765	20,218,977
Stationery, Printings, Advertisements etc.	146,661,470	146,566,279	33,073,667	32,291,768
Auditors' Fees	115,000	147,500	-	(501,000)
Depreciation and Repair to Bank's property	286,542,346	200,206,905	101,292,700	62,999,280
Other Expenses	1,638,816,107	700,668,387	440,175,506	285,520,830
Total Operating Expenses	4,417,403,765	2,812,184,477	1,385,198,153	1,072,241,990
Profit/(loss) before provision	2,886,719,405	2,834,890,076	806,811,237	828,618,591
Provision for loans and advances including off Balance Sheet items	140,467,158	1,608,180,266	24,837,069	423,680,759
Provision for diminution in value of investments in shares	-	-	-	-
Other Provision	45,000,000	-	12,000,000	-
Total Provision	185,467,158	1,608,180,266	36,837,069	423,680,759
Total Profit before taxes	2,701,252,247	1,226,709,810	769,974,168	404,937,832
Provision for Current Tax	1,395,000,000	750,000,000	445,000,000	300,000,000
Provision for Deferred Tax	5,000,000	-	5,000,000	-
	1,400,000,000	750,000,000	450,000,000	300,000,000
Net Profit after Taxation	1,301,252,247	476,709,810	319,974,168	104,937,832
Retained Surplus brought forward from previous year	16,565,369	24,074,102	1,205,181	1,583,790
Profit available for appropriation	1,317,817,616	500,783,912	321,179,349	106,521,622
Appropriation				
Statutory Reserve	538,947,485	234,490,044	153,654,869	76,456,096
Non Controlling Interest In Profit	2,733,535	7,299,064	(324,424)	1,818,171
Retained Surplus	776,136,596	258,994,804	167,848,904	28,247,355
	1,317,817,616	500,783,912	321,179,349	106,521,622
Consolidated Earnings Per Share (EPS)	1.76	0.64	0.43	0.14

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the 3rd Quarter 30 September 2016

	Amount in BDT	
	Sep-16	**Sep-15**
A) Cash flows from operating activities		
	1,002,195,626	**1,254,571,581**
Interest received	9,262,150,394	9,649,527,464
Interest paid	(5,867,023,272)	(6,482,025,168)
Fees and commission received	695,743,165	639,790,332
Payment to the employees	(1,805,856,656)	(1,294,383,375)
Payment to suppliers	(146,661,470)	(80,214,618)
Income tax paid	(1,136,156,535)	(1,178,123,054)
Received from other operating activities	**2,201,235,091**	**1,903,745,975**
Exchange gain	669,268,035	575,854,880
Other operating income	1,531,967,056	1,327,891,095
Payment for other operating activities	**(2,236,491,613)**	**(1,205,742,471)**
Rent, taxes, insurances and electricity	(472,328,112)	(402,999,815)
Legal expenses	(6,499,310)	(3,040,533)
Postage, stamps and telecommunication	(47,227,318)	(51,780,957)
Auditors' fees	(115,000)	(147,500)
Repair and maintenance	(58,148,321)	(34,714,553)
Chief Executive's salary and fees	(8,530,645)	(9,439,351)
Directors' fees	(4,826,800)	(2,951,375)
Other expenses	(1,638,816,107)	(700,668,387)
Operating cash flows before changes in operating assets & liabilities	**966,939,104**	**1,952,575,085**
(Increase)/ decrease in operating assets and liabilities	**(14,606,489,232)**	**(11,339,179,556)**
Trading securities (Treasury Bills & Bonds)	478,455,385	(993,340,929)
Loans and advances to other banks	-	-
Loans and advances to customer	(15,084,944,618)	(10,345,838,627)
Other assets (Item-wise)	**93,734,082**	**(446,911,747)**
Advance deposits	(326,410)	706,309
Stock of stationery	10,727,912	(12,642,438)
Suspense account	(87,372,524)	(109,166,878)
Demand Draft paid without advice	-	1,717,342
Stamps in hand	155,759	(179,161)
Advance rent	54,480,285	(129,352,579)
Adjusting account debit	(131,337,176)	(199,693,012)
Premium on bonds	4,703,843	113,816
Clearing adjustment account	(1,791,288)	569,312
Mercantile Exchange House (UK) Limited.	4,888,557	1,015,542
Mercantile Bank OBU Unit	192,627,688	-
Mercantile Bank general account	46,977,436	-
	18,271,486,575	**14,960,123,700**
Deposit from other banks	7,326,350,542	(2,323,192,664)
Deposit from customers	7,250,777,530	12,950,502,104
Other liabilities on account of customers	-	-
Other liabilities	3,694,358,504	4,332,814,260
Net cash flows from operating activities	**4,725,670,529**	**5,126,607,482**

Consolidated Cash Flow Statement
For the 3rd Quarter 30 September 2016

	Amount in BDT	
	Sep-16	**Sep-15**
B) Cash flows from investing activities		
Brokerage House customer account	-	-
Sale proceeds of fixed assets	(10,751,119)	-
Dividend received	72,494,653	18,655,004
(Purchase)/ sale of property, plant and equipment	(133,215,228)	(168,331,633)
(Purchase)/sale of shares	11,694,291	3,888,761
(Purchase)/sale of bond/CP	(1,314,000,000)	(3,064,000,000)
Other investment (Treasury bills & Bonds)	(1,061,589,973)	2,237,025,971
Net cash flows from investing activities	**(2,435,367,376)**	**(972,761,897)**
C) Cash flows from financing activities		
Receipts from issue of loan capital and debt Securities	-	-
Paid for repayment of loan and debt securities	-	-
Paid for Interest on Subordinated bond	(270,000,000)	(270,000,000)
Received by issue of right share	-	-
Dividend paid	(886,988,041)	(739,491,268)
Net cash flows from financing activities	**(1,156,988,041)**	**(1,009,491,268)**
Net increase/(decrease) in cash & cash equivalent (A+B+C)	**1,133,315,112**	**3,144,354,317**
Cash and cash equivalent at beginning of the year	17,325,928,321	13,648,834,658
Cash and cash equivalent at the end of the 3rd Quarter	**18,459,243,433**	**16,793,188,975**

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the 3rd Quarter 30 September 2016

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve				Surplus	Total	Non Controlling Interest	Total
			Dividend Equalization Fund	Adjustment for Approved Securities	Revaluation Surplus for Fixed Assets	Net Balance of Other Reserve	Profit/(loss)			
	A	B	C	D	E	F=(C+D+E)	G	H=(A+B+F+G)	I	J=(H+I)
Balance as at 01 January 2016	**7,391,567,010**	**4,751,781,375**	**45,680,250**	**1,788,576,843**	**643,611,955**	**2,477,869,048**	**894,031,622**	**15,515,249,055**	**52,641,911**	**15,567,890,966**
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Transfer from intt. of Suspense & Other Provision A/C	-	-	-	-	-	-	3,269,000	3,269,000	-	3,269,000
Statutory reserve	-	538,947,485	-	-	-	-	(538,947,485)	-	-	-
Market adjustment of approved securities (HTM)	-	-	-	(20,913,921)	-	(20,913,921)	-	(20,913,921)	-	(20,913,921)
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-	-	-
Currency transaction difference	-	-	-	-	-	-	3,519,253	3,519,253	-	3,519,253
Net gains and losses not recognised in Income Statement	-		-	-	-	-	-	-	-	-
Net profit for the year after taxation	-		-	-	-	-	1,301,252,247	1,301,252,248	91,624	1,301,343,872
Transfer	-		-	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	-	-	-	-	-	-	-	-
Bonus share premium		-	-	-	-	-	-	-	-	-
Cash dividend	-		-	-	-	-	(886,988,041)	(886,988,041)	-	(886,988,041)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-
Non controlling share capital/profit	-	-	-	-	-	-	-	-	-	-
Issue of right share	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	7,391,567,010	5,290,728,860	45,680,250	1,767,662,922	643,611,955	2,456,955,127	776,136,596	15,915,387,593	52,733,535	15,968,121,128
Balance as at 30 September 2015	**7,391,567,010**	**4,457,614,473**	**45,680,250**	**1,364,533,517**	**643,611,955**	**2,053,825,722**	**258,994,804**	**14,162,002,009**	**57,299,064**	**14,219,301,073**

Company Secretary

Director

Managing Director and CEO

SEVP and CFO

Chairman

Mercantile Bank Limited and its Subsidiaries
Consolidated Liquidity Statement
Asset and Liability Maturity Analysis
As at 30 September 2016

Amount in BDT

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets:						
Cash in hand	1,943,826,236	10,656,813,999	-	-	-	12,600,640,235
Balance with other banks and financial institutions	37,210,132	2,196,552,326	3,624,840,739	-	-	5,858,603,197
Money at call and short notice	800,000,000	-	-	-	-	800,000,000
Investments	3,811,258,446	2,017,736,274	1,383,254,074	11,397,398,200	15,354,514,356	33,964,161,350
Loans and advances	21,401,808,610	20,659,099,463	51,057,419,608	32,141,109,807	16,449,555,772	141,708,993,260
Fixed assets including premises, furniture and fixtures	-	-	477,288,959	735,595,508	2,040,113,556	3,252,998,023
Other assets	685,951,245	501,251,325	41,250,452	304,755,920	-	1,533,208,942
Non-banking assets	-	-	-	-	-	-
Total Assets	**28,680,054,669**	**36,031,453,387**	**56,584,053,832**	**44,578,859,435**	**33,844,183,684**	**199,718,605,007**
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	-	-	7,879,198,686	-	-	7,879,198,686
Deposits	23,842,339,676	31,875,156,354	29,751,462,540	34,016,761,722	33,357,475,108	152,843,195,400
Other accounts	2,116,314,845	-	-	-	-	2,116,314,845
Subordinated bond	-	-	600,000,000	2,400,000,000	-	3,000,000,000
Provision and other liabilities	-	236,031,938	13,176,004,503	4,499,738,506	-	17,911,774,947
Total Liabilities	**25,958,654,521**	**32,111,188,292**	**51,406,665,729**	**40,916,500,228**	**33,357,475,108**	**183,750,483,878**
Net Liquidity	**2,721,400,148**	**3,920,265,095**	**5,177,388,104**	**3,662,359,207**	**486,708,576**	**15,968,121,130**

Mercantile Bank Limited
Un-audited Balance Sheet
As at 30 September 2016

	Amount in BDT	
	Sep-16	**Dec-15**
Property and Assets		
Cash	**12,597,138,744**	**13,225,470,762**
Cash in hand (Including foreign currencies)	1,943,826,236	1,397,512,291
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	10,653,312,508	11,827,958,471
Balance with other banks and financial institutions	**5,586,267,469**	**3,822,760,252**
In Bangladesh	5,044,237,600	3,551,643,870
Outside Bangladesh	542,029,869	271,116,382
Money at call and short notice	**800,000,000**	**800,000,000**
Investments	**36,684,161,455**	**33,829,461,266**
Government	27,429,920,885	28,817,526,390
Others	9,254,240,570	5,011,934,876
Loans and Advances	**138,554,538,138**	**126,338,834,275**
Loans, Cash Credit, Overdraft etc.	127,262,287,403	117,680,020,620
Bills Purchased and Discounted	11,292,250,735	8,658,813,655
Fixed assets including premises, furniture and fixtures	3,231,259,975	3,325,794,196
Other assets	1,355,441,644	1,457,844,919
Non- banking assets	-	-
Total Property and Assets	**198,808,807,426**	**182,800,165,670**
Liabilities and Capital		
Liabilities		
Borrowings from other banks, financial institutions and agents	7,879,198,686	552,848,144
Deposits and other accounts	**155,201,494,488**	**147,816,283,651**
Current accounts and other accounts	36,039,912,993	30,560,448,494
Bills payable	2,116,314,845	1,634,654,462
Savings bank deposits	15,847,731,828	12,739,771,915
Fixed deposits	37,303,807,580	42,028,786,930
Deposit under schemes	63,893,727,242	60,852,621,850
Subordinated bond	3,000,000,000	3,000,000,000
Other Liabilities	**16,824,283,195**	**15,917,307,280**
Total Liabilities	**182,904,976,369**	**167,286,439,075**
Capital/shareholders' equity		
Paid-up capital	7,391,567,010	7,391,567,010
Statutory reserve	5,290,728,860	4,751,781,375
Other reserve	2,456,955,127	2,477,869,048
Surplus in profit & loss account	764,580,061	892,509,162
Total shareholders' equity	**15,903,831,057**	**15,513,726,595**
Total Liabilities & Shareholders' Equity	**198,808,807,426**	**182,800,165,670**

As at 30 September 2016

	Amount in BDT	
	Sep-16	Dec-15
Off-Balance Sheet Items		
Contingent Liabilities		
Acceptances and endorsements	27,612,290,016	22,710,709,305
Letters of guarantee	8,119,182,294	7,682,114,027
Irrevocable letters of credit	28,267,286,960	22,480,501,454
Bills for collection	9,791,766,623	8,771,335,282
Other contingent liabilities(BLW)	2,388,143,241	2,391,993,594
	76,178,669,134	64,036,653,662
Other Commitments		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
	-	-
Total Off-Balance Sheet items including contingent liabilities	76,178,669,134	64,036,653,662

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited
Profit and Loss Account
For the 3rd Quarter 30 September 2016

	Amount in BDT	
	Sep-16	**Sep-15**
Interest income	10,167,685,709	10,497,965,671
Less: Interest paid on deposits, borrowings etc.	8,059,679,345	9,103,533,703
Net Interest Income	**2,108,006,364**	**1,394,431,968**
Investment income	2,262,171,862	2,285,479,592
Commission, exchange and brokerage	1,301,737,297	1,158,507,870
Other operating income	1,510,570,372	700,807,210
	5,074,479,532	**4,144,794,672**
Total operating income	**7,182,485,896**	**5,539,226,640**
Salaries and allowances	1,782,145,736	1,276,895,713
Chief Executive's salary and fees	8,530,645	9,439,351
Directors' fees	3,560,400	2,053,905
Rent, taxes, insurances, electricity etc.	463,520,624	393,127,628
Legal expenses	6,102,321	3,040,533
Postage, stamps, telecommunication etc.	47,227,318	50,288,650
Stationery, printings, advertisements etc.	146,301,703	145,779,456
Auditors' fees	115,000	147,500
Depreciation and repair to Bank's assets	283,835,450	197,489,333
Other expenses	1,605,942,115	680,334,086
Total operating expenses	**4,347,281,313**	**2,758,596,155**
Profit/(loss) before provision	**2,835,204,583**	**2,780,630,485**
Provision for loans and advances including off Balance Sheet items	140,467,158	1,608,180,266
Other provision	-	-
Total provision	**140,467,158**	**1,608,180,266**
Total profit/(loss) before taxes	**2,694,737,425**	**1,172,450,219**
Provision for Current tax	1,395,000,000	750,000,000
Provision for Deferred Tax	5,000,000	-
	1,400,000,000	**750,000,000**
Net profit after taxation	**1,294,737,425**	**422,450,219**
Retained surplus brought forward from previous year	8,790,121	27,881,374
Profit available for appropriation	**1,303,527,546**	**450,331,593**
Appropriation		
Statutory reserve	538,947,485	234,490,044
General reserve	-	-
Retained surplus	764,580,061	215,841,549
	1,303,527,546	450,331,593
Earnings per share (EPS)	**1.75**	**0.57**

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited and its Subsidiaries
Profit & Loss Account
For the 3rd Quarter 30 September 2016

	Amount in BDT			
	Jan -Sept'16	Jan - Sept'15	July-Sept'16	July-Sept'15
Interest Income	10,167,685,709	10,497,965,671	3,444,289,779	3,586,267,854
Less: Interest Paid on Deposits, Borrowings etc.	8,059,679,345	9,103,533,703	2,664,722,528	3,242,302,715
Net Interest Income	2,108,006,364	1,394,431,968	779,567,251	343,965,139
Investment Income	2,262,171,862	2,285,479,592	753,149,036	949,649,454
Commission, Exchange and Brokerage	1,301,737,297	1,158,507,870	420,318,590	405,258,956
Other Operating Income	1,510,570,372	700,807,210	201,048,412	162,774,347
	5,074,479,532	4,144,794,672	1,374,516,039	1,517,682,757
Total Operating Income	7,182,485,896	5,539,226,640	2,154,083,290	1,861,647,896
Salaries and Allowances	1,782,145,736	1,276,895,713	609,908,644	513,954,337
Chief Executive's Salary and Fees	8,530,645	9,439,351	2,550,000	4,049,028
Directors' Fees	3,560,400	2,053,905	1,214,400	655,050
Rent, Taxes, Insurances, Electricity etc.	463,520,624	393,127,628	168,099,087	141,207,477
Legal Expenses	6,102,321	3,040,533	1,343,257	1,473,381
Postage, Stamps, Telecommunication etc.	47,227,318	50,288,650	15,464,765	19,710,157
Stationery, Printings, Advertisements etc.	146,301,703	145,779,456	32,948,972	32,086,040
Auditors' Fees	115,000	147,500	-	(501,000)
Depreciation and Repair to Bank's property	283,835,450	197,489,333	100,435,349	62,723,615
Other Expenses	1,605,942,115	680,334,086	429,007,400	280,328,574
Total Operating Expenses	4,347,281,313	2,758,596,155	1,360,971,875	1,055,686,659
Profit/(loss) before provision	2,835,204,583	2,780,630,485	793,111,415	805,961,237
Provision for loans and advances including off Balance Sheet items	140,467,158	1,608,180,266	24,837,069	423,680,759
Provision for diminution in value of investments in shares	-	-	-	-
Other Provision	-	-	-	-
Total Provision	140,467,158	1,608,180,266	24,837,069	423,680,759
Total Profit before taxes	2,694,737,425	1,172,450,219	768,274,346	382,280,478
Provision for Current Tax	1,395,000,000	750,000,000	445,000,000	300,000,000
Provision for Deferred Tax	5,000,000	-	5,000,000	-
	1,400,000,000	750,000,000	450,000,000	300,000,000
Net Profit after Taxation	1,294,737,425	422,450,219	318,274,346	82,280,478
Retained Surplus brought forward from previous year	8,790,121	27,881,374	500,000	-
Profit available for appropriation	1,303,527,546	450,331,593	318,774,346	82,280,478
Appropriation				
Statutory Reserve	538,947,485	234,490,044	153,654,869	76,456,096
General reserve	-	-	-	-
Retained Surplus	764,580,061	215,841,549	165,119,477	5,824,382
	1,303,527,546	450,331,593	318,774,346	82,280,478
Consolidated Earnings Per Share (EPS)	1.75	0.57	0.43	0.11

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited
Cash Flow Statement
For the 3rd Quarter 30 September 2016

	Amount In BDT	
	Sep-16	**Sep-15**
A) Cash flows from operating activities		
	926,025,723	**1,170,946,710**
Interest received	9,225,183,707	9,604,765,450
Interest paid	(5,867,023,272)	(6,482,025,168)
Fees and commission received	632,469,262	582,652,990
Payment to the employees	(1,782,145,736)	(1,276,895,713)
Payment to suppliers	(146,301,703)	(79,427,795)
Income tax paid	(1,136,156,535)	(1,178,123,054)
Received from other operating activities	**2,179,838,407**	**1,859,315,080**
Exchange gain	669,268,035	575,854,880
Other operating income	1,510,570,372	1,283,460,200
Payment for other operating activities	**(2,179,688,729)**	**(1,173,146,206)**
Rent, taxes, insurances and electricity	(463,520,624)	(393,127,628)
Legal expenses	(6,102,321)	(3,040,533)
Postage, stamps and telecommunication	(47,227,318)	(50,288,650)
Auditors' fees	(115,000)	(147,500)
Repair and maintenance	(55,441,424)	(34,714,553)
Chief Executive's salary and fees	(8,530,645)	(9,439,351)
Directors' fees	(3,560,400)	(2,053,905)
Other expenses	(1,595,190,996)	(680,334,086)
Operating cash flows before changes in operating assets and liabilities	**926,175,402**	**1,857,115,584**
(Increase)/ decrease in operating assets and liabilities	**(11,737,248,478)**	**(10,811,250,432)**
Trading securities (Treasury bills & Bonds)	478,455,385	(993,340,929)
Loans and advances to other banks	-	-
Loans and advances to customers	(12,215,703,863)	(9,817,909,503)
Other assets (item-wise)	**102,403,275**	**(452,157,339)**
Advance deposits	(326,410)	706,309
Stock of stationery	10,727,912	(12,642,438)
Suspense account	(87,372,524)	(109,166,878)
Demand Draft paid without advice	-	1,717,342
Stamps in hand	155,759	(179,161)
Advance rent	54,480,285	(129,352,579)
Adjusting account debit	(131,337,176)	(199,693,012)
Premium on bonds	4,703,843	113,816
Clearing adjustment account	(1,791,288)	569,312
Mercantile Exchange House (UK) Limited.	4,888,557	(4,230,050)
Mercantile Bank OBU Unit	192,627,688	-
Mercantile Bank general account	55,646,628	-
	15,436,844,995	**14,458,284,813**
Deposit from other banks	7,326,350,542	(2,364,088,850)
Deposit from customers	7,385,210,837	12,917,551,409
Other liabilities on account of customers	-	-
Other liabilities	725,283,616	3,904,822,254
Net cash flows from operating activities	**4,728,175,193**	**5,051,992,626**

Cash Flow Statement
For the 3rd Quarter 30 September 2016

	Amount in BDT	
	Sep-16	**Sep-15**
B) Cash flows from investing activities		
Sale proceeds of fixed assets	(10,751,119)	-
Dividend received	72,494,653	18,655,004
Purchase/sale of property, plant and equipment	(133,859,805)	(321,917,942)
Purchase/sale of shares	11,694,291	3,888,761
Purchase/sale of bond/CP	(1,314,000,000)	(3,064,000,000)
Other investment activities	(1,061,589,973)	2,237,025,971
Net cash flows from investing activities	**(2,436,011,954)**	**(1,126,348,206)**
C) Cash flows from financing activities		
Receipts from Issue of loan capital and debt securities	-	-
Paid for repayment of loan and debt securities	(270,000,000)	(270,000,000)
Received by Issue of right share	-	-
Dividend paid	(886,988,041)	(739,491,268)
Net cash flows from financing activities	**(1,156,988,041)**	**(1,009,491,268)**
Net increase/(decrease) of cash & cash equivalent (A+B+C)	**1,135,175,198**	**2,916,153,152**
	-	-
Cash and cash equivalent at the beginning of the year	17,048,231,015	13,636,642,974
Cash and cash equivalent at the end of the 3rd Quarter	**18,183,406,213**	**16,552,796,126**

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Mercantile Bank Limited
Statement of Changes in Equity
For the 3rd Quarter 30 September 2016

Amount in BDT

Particulars	Paid-up capital	Statutory reserve	Other reserve				Surplus profit/(loss)	Total
			Dividend Equalization Fund	Adjustment for Approved Securities	Revaluation surplus for Fixed assets	Net balance of other reserve		
	A	B	C	D	E	F=C+D+E	G	H=A+B+F+G
Balance as at 01 January 2016	7,391,567,010	4,751,781,375	45,680,250	1,788,576,843	643,611,955	2,477,869,048	892,509,162	15,513,726,595
Changes in accounting policy	-	-	-		-	-	-	-
Transfer from intt. of Suspense & Other Provision A/C							3,269,000	3,269,000
Statutory reserve	-	538,947,485	-	-	-		(538,947,485)	-
Market adjustment of approved securities (HTM)	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	(20,913,921)	-	(20,913,921)	-	(20,913,921)
Currency transaction difference	-	-	-	-	-	-	-	-
Net gains and losses not recognised in the income statement	-	-	-	-	-	-	-	-
Net profit for the year after taxation	-	-	-	-	-	-	1,294,737,425	1,294,737,425
Transfer	-	-	-	-	-	-	-	-
Issuance of bonus share	-	-	-	-	-	-	-	-
Bonus share premium	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(886,988,041)	(886,988,041)
Dividend equalization fund	-	-	-	-	-	-	-	-
Issue of right share	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	7,391,567,010	5,290,728,860	45,680,250	1,767,662,922	643,611,955	2,456,955,127	764,580,061	15,903,831,057
Balance as at 30 September 2015	7,391,567,010	4,457,614,473	45,680,250	1,364,533,517	643,611,955	2,053,825,722	215,841,549	14,118,848,754

Company Secretary

Managing Director and CEO

SEVP and CFO

Director

Chairman

Mercantile Bank Limited
Liquidity Statement
Asset and Liability Maturity Analysis
As at 30 September 2016

Amount in BDT

	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets:						
Cash in hand	1,943,826,236	10,653,312,508	-	-	-	12,597,138,744
Balance with other banks and financial institutions	37,210,132	1,924,216,598	3,624,840,739	-	-	5,586,267,469
Money at call and short notice	800,000,000	-	-	-	-	800,000,000
Investments	3,811,258,446	2,017,736,274	1,383,254,074	14,117,398,305	15,354,514,356	36,684,161,455
Loans and advances	21,401,808,610	20,659,099,463	47,902,964,486	32,141,109,807	16,449,555,772	138,554,538,138
Fixed assets including premises, furniture and fixtures	-	-	477,288,959	735,595,508	2,018,375,509	3,231,259,976
Other assets	685,951,245	501,251,325	41,250,452	126,988,622	-	1,355,441,644
Non-banking assets	-	-	-	-	-	-
Total assets	28,680,054,669	35,755,616,168	53,429,598,710	47,121,092,242	33,822,445,637	198,808,807,426
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	-	-	7,879,198,686	-	-	7,879,198,686
Deposits	23,842,339,676	31,875,156,354	29,751,462,540	34,258,745,965	33,357,475,108	153,085,179,643
Other accounts	2,116,314,845	-	-	-	-	2,116,314,845
Subordinated Bond	-	-	600,000,000	2,400,000,000	-	3,000,000,000
Provision and other liabilities	-	236,031,938	12,088,512,751	4,499,738,506	-	16,824,283,195
Total liabilities	25,958,654,521	32,111,188,292	50,319,173,977	41,158,484,471	33,357,475,108	182,904,976,369
Net Liquidity	2,721,400,148	3,644,427,876	3,110,424,734	5,962,607,771	464,970,529	15,903,831,058

1.0 Legal Status & Nature of the Bank

Mercantile Bank Limited ("the Bank") was incorporated in Bangladesh as a Public Company, Limited by shares under the Companies Act 1994 on 20 May 1999 and subsequently obtained Banking operation license from Bangladesh Bank under the Bank Companies Act 1991 and commenced its commercial operation on 02 June 1999. The Bank went for public issue of shares in the year 2003 and its shares are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the Bank has 109 Branches and two subsidiary companies.

1.1 Principle Activities

The principal activities of the Bank are to provide all kinds of commercial banking activities encompassing a wide range of services including accepting deposits, making loans, discounting bills, conducting money transfer and foreign exchange transactions and performing other related services such as safe keeping, collections, issuing guarantees, acceptances and letters of credit to the customers through the branches in Bangladesh.

1.2 Off-shore Banking Unit (OBU)

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(114)/2010-1743, dated 04 May 2010. The Off-shore Banking Unit commenced its commercial operation on 20 March 2011. Presently the bank has 3 (three) units in operation in Bangladesh. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. The principal activities of the Units are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. Separate Financial Statements of Off-shore Banking Unit has been drawn up in **Annexure-E.**

1.3 Mobile Banking Operation

The Bank obtained the permission for conducting the mobile banking operation under reference letter # DCMPS/PSD/37(D)/2011-753, dated 02 November 2011of Bangladesh Bank. The Bank started its test-run in November 2012. The main activities of the mobile banking services are to serve the customers through Mobile Phone within the applicable rules & regulations and guidelines of Bangladesh Bank.

1.4 Information about Subsidiaries

Name	Principle activities	Country of incorporation	Controlling interest
Mercantile Bank Securities Limited	Trading securities	Bangladesh	92.31%
Mercantile Exchange House (UK) Limited	Financial services	UK	100%

1.4.1 Mercantile Bank Securities Limited

In line with Bangladesh Bank directives, Mercantile Bank Securities Limited (MBSL), a subsidiary company of Mercantile Bank Limited has been formed on 27 September 2010 to deal with stock dealing and brokering. MBSL has started its commercial operation on 14 September 2011 through obtaining stock dealer & broker license from the Bangladesh Securities and Exchange Commission (BSEC). The main operation of the subsidiary is to buy and sale securities as well as extend margin loan to the customers against their margin for investment in the listed companies. The required margin level is monitored daily and margin loan is provided as per established guidelines. Financial Statements of the Company are shown in **Annexure-F.**

1.4.2 Mercantile Exchange House (UK) Limited

Mercantile Exchange House (UK) Limited was incorporated as private limited company with Companies of England and Wales under registration no. 07456837 on 01 December 2010. The company is a wholly owned subsidiary company of Mercantile Bank Limited incorporated in Bangladesh, which is also the ultimate holding company. Earlier on 17 September 2010, Mercantile Bank Limited got the permission from Bangladesh Bank for opening a fully owned subsidiary in UK. Mercantile Exchange House (UK) Limited obtained Money Laundering registration on 21 February 2011 issued by HM Customs and Excise.

The company got registration from Financial Services Authority (FSA) on 7 October 2010 as Small Payment Institution to carry out business under Payment Services Regulations 2009. The company started its commercial operation in London, UK on 20 September 2012. Financial Statements of the company are shown in **Annexure-G.**

2.0 Basis of Preparation of Financial Statements & Other Significant Accounting Policies

2.1 Basis of Accounting

2.1.1 Statement of Compliance

The Financial statements of the Bank and its subsidiaries are prepared in accordance with International Accounting Standards (IASs) & International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BASs) & Bangladesh Financial Reporting Standards (BFRSs).

The financial statements have been prepared on a going concern basis under historical cost convention, except for certain investments which are stared at fair/market value and freehold land which are measured at revalued amount in accordance with the First Schedule (Sec-38) of the Bank Companies Act, 1991 (as amended upto 2013), BRPD Circular #14 dated 25 September 2003,, and DFIM Circular #11, dated 23 December 2009, other Bangladesh Bank circulars, Bangladesh Financial Reporting Standards (BFRSs) the Companies Act, 1994, the Securities and Exchange Rules, 1987, Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) listing regulation and other law & rules applicable in Bangladesh. In cases where the requirements of Bangladesh Bank differ with those of BASs/BFRSs, the requirement of the Bangladesh Bank has been applied (note-2.15)

2.1.2 Basis of Consolidation

The consolidated financial statements include the financial statements of Mercantile Bank Limited, its Off-shore Banking Units and its subsidiaries, Mercantile Bank Securities Limited and Mercantile Bank Exchange House (UK) Limited, prepared at the end of the financial year. The consolidated financial statements have been prepared in accordance with BAS 27 "Consolidated and Separate Financial Statements" and BFRS-10 "Consolidated Financial Statements". The consolidated financial statements are prepared to a common financial Period ending 30 September 2016.

The conversion policy of subsidiary companies and Off-shore Banking Units are given below.

Particulars	Price	Mercantile Bank Exchange House (UK)	Off-shore Banking Units
For Assets & Liabilities	Closing Price	£1 = BDT 104.5594	USD 1= BDT 78.40
For Income & Expenses	Average Price	£1= BDT 111.6036	USD 1= BDT 78.40

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions between groups is also eliminated on consolidation.

2.1.3 Cash Flow Statement

The cash flow statement has been prepared in accordance with the BAS 7 "Statement of Cash Flows" under direct method as recommended in the BRPD Circular # 14, dated 25 September 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.1.4 Liquidity Statement

The liquidity statement of assets and liabilities has been prepared in accordance with the residual maturity grouping as on 30 September 2016 under the guidelines of BRPD Circular # 14 dated 25 September 2003 as per the following basis:

a. Balance with other Banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term;
b. Investments are on the basis of their respective maturity;
c. Loans and advances/ investments are on the basis of their repayment schedules;
d. Fixed assets are on the basis of their useful lives;
e. Other assets are on the basis of their realizations/ amortizations;
f. Borrowing from other banks, financial institutions and agents etc. are as per their maturities/ repayment terms;
g. Provisions and other liabilities are on the basis of their payments/ adjustments schedule;
h. Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.

2.1.5 Use of Estimates & Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income, expenses, the accompanying disclosures & the disclosure of contingent liabilities. Actual result may differ from these estimates. Uncertainty about these assumptions & estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management has made various judgments, estimates & assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis by the management of the Bank. And any revision to accounting estimates are recognized in the period in which the estimates are revised. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

2.1.6 Foreign Currencies Transaction

i) Functional & Presentational Currency

Items included in the financial statements of subsidiary are measured using the currency of the primary economic environment in which the entity operates, i e. functional currency. The consolidated financial statements are presented in BDT which is the group's presentation currency.

ii) Foreign Currency translation

Transactions in foreign currencies are converted into equivalent BDT applying the ruling rates on the dates of transaction as per BAS-21," The Effects of Changes in Foreign Exchange Rates". Foreign currencies balances held in US dollar are converted into BDT at weighted average rate of interbank market as determined by Bangladesh Bank on the closing date of every month. Balance held in foreign currency other than US dollar are converted into equivalent US dollar at buying rates of New York closing of the previous day and converted into BDT equivalent.

Foreign currencies are translated into BDT at the following rates:

USD 1= BDT 78.40, GBP 1 = BDT 102.9157, EURO 1= BDT 87.8315 and JYEN 1= BDT0.7675 as on 30 September 2016.

Other foreign currency related transactions have been converted by using the rate of exchange prevailing on the dates of such transactions.

iii) Commitments

Commitments for outstanding forwarded foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent commitments for letter of credits and letter of guarantees denominated in foreign currencies are expressed in BDT terms at the rate of exchange ruling on the balance sheet date.

iv) Translation gains or losses

The resulting exchange transactions gains or losses are included in the profit or loss account, except those arising on the translation of net investment in foreign subsidiary.

v) Foreign operation

The results and financial position of the Bank's operation whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

a) Assets and liabilities are translated at the exchange rate prevailing at the balance sheet date;

b) Income and expenses in the income statement are translated at an average rate approximating the exchange rates at the year end;

c) Resulting exchange differences are recognized as a separate component of equity;

d) As per BAS 21, "Foreign Currency Transactions", foreign currency denominated non-monetary items of OBUs are translated at historical rate, as the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and unique nature.

2.1.7 Reporting Period

These financial statements cover period from 01 January 2016 to 30 September 2016.

2.1.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a largely enforcement right to offset the recognized amounts and there is an intention to settle on net basis, or realized the asset and settle the liabilities (note -4.1, 4.2).

2.2 Assets & Basis of their Valuation

2.2.1 Cash & Cash Equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank for its short term commitments.

2.2.2 Loans & Advances

a. Loans and advances are stated in the balance sheet on gross basis.

b. Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate accounts.

c. Commission and discounts on bills purchased and discounted are recognized at the time of realization.

d. Provision for loans and advances is made on the basis of period-end review by the management following instructions contained in Bangladesh Bank BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013, BRPD Circular no. 16 dated 18 November 2014 .The rates of provision for loans and advances are given below:

For Unclassified Loans and Advances

Particulars	Rate
Small and Medium Enterprise (SME)	0.25%
All unclassified loans (other than loans under Consumer financing, Loan to Brokerage House, Merchant Banking, Stock dealers' etc. and Special Mention account)	1%
Unclassified loans against Housing and Professionals to set up business under Consumer Financing	2%
Unclassified loans to Brokerage House, Merchant Banking, Stock dealers' etc.	2%
Margin Loan Account	2%
Unclassified loans against other Consumer Financing	5%
Outstanding amount of loans kept in the 'Special Mention Account' after netting off the amount of Interest Suspense.	0.25% -5%

For Classified Loans and Advances

Particulars	Rate
Specific Provision on substandard loans and advances	20%
Specific Provision on doubtful loans and advances	50%
Specific Provision on bad/loss loans and advances	100%

Provision for short term agricultural and micro-credits

Particulars	Rate
Substandard and Doubtful	5%
Bad/Loss	100%

e. Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending as per guidelines of Bangladesh Bank. These write off, however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.2.3 Investments

All investment in securities is initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method is taken to discount income as per BAS 32 "Financial Instruments: Presentations" and BAS 39 "Financial Instruments: Recognition and Measurements". Details of investment in shares/securities are given in. The valuation methods of investments include:

Held To Maturity (HTM)

HTM consist the Government approved securities in the mode of Treasury bond & Bills which are classified as per Bangladesh Bank DOS Circular # 5, dated 26 May 2008 and DOS Circular # 5, dated 28 January 2009. These securities bear fixed coupon payments and are revalued annually on amortized cost method as directed by Bangladesh Bank. The change in revaluation of the securities is reflected in the Changes in Equity Statement. Please see **Annexure- C.**

Held For Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short-trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the statement of income for the period in which it arises. These investments are subsequently measured at present value as per the Bangladesh Bank Guideline. Investments in securities have been revalued as mark-to-market as at 30 September 2016 and have been shown in the equity. Please see **Annexure- D.**

Investment in Listed Securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income. These are valued and reported at market price as per Bangladesh Bank's guidelines. Booking of provision for Investment in securities (gain /loss net off basis) are made as per DOS Circular No. 4 dated 14 November 2011.

Investment in Listed Securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

All investments are stated as per following basis:

Investment Class	**Initial Recognition**	**Measurement after initial recognition**	**Recording of changes**
Govt. T-Bond (HTM)	Cost	Amortized Cost	Increase or decrease in value of equity
Govt. T-Bill (HFT)	Cost	Fair Value	Loss to P&L, gain to revaluation through B/S
Govt. T-Bond (HFT)	Cost	Fair Value	Do
Share (Quoted)	Cost	At cost or market price whichever is lower at balance sheet date	Loss to P&L but no unrealized gain booking
Share (Un-Quoted)	Cost	Cost	None
Prize bond	Cost	Cost	None

Investments in Subsidiary

The Bank recognizes investment in subsidiaries under cost method in the Group financial statements in accordance with BAS 28 "Investment in Associates". The investments in subsidiaries are reviewed impairment test regularly to recognize investment at cost.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously as per BFRS 7 "Financial Instruments: Disclosures".

2.2.4 Property, Plant & Equipment (Fixed Assets)

I. All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

II. The bank recognizes the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefit embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

III. Depreciation is charged on property, plant and equipment at the following rates on straight line method from the date of acquisition.

Category of Assets	**Rate**
Land and Land Development	Nil
Building	2.5%
Furniture and Fixtures	10%
Office Equipment	20%
Vehicles	20%
Books	20%

IV. Depreciation on assets addition during the period is charged from the month of addition. Whole month depreciation charged for the month of addition.

V. On the month of disposal of fixed assets no depreciation is charged. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

VI. Capital Work-in-Progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of building, system development, awaiting capitalization.

VII. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets have been capitalized as part of the cost of the assets.

VIII. Useful life and method of depreciation of fixed assets are reviewed at least each financial year end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, in that case management may change to reflect the changed pattern and such changed shall be accounted for as a change in an accounting estimate in accordance with BAS 8.

2.2.5 Intangible Assets

Intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38 "Intangible Assets".

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

2.2.6 Assets Revaluation Reserve

The Bank has revalued assets in 2011 by an independent valuation firm as per BAS 16 "Property, Plant & Equipment" by the approval of Board of Directors of the Bank. And the revaluation amount is eligible up to 50% for the supplementary capital (Tier-II) after 20% transitional arrangements for capital deduction as per new RBCA guidelines and BRPD circular # 10, dated 24 November 2002.

2.2.7 Impairment of Assets

As per BAS 36 "Impairment of Assets" an asset is impaired when its carrying amount exceeds its recoverable amount. The Bank assesses at the end of each reporting year whether there is any indication that an asset may be impaired and/ or whenever events or charges in circumstances indicate that the carrying value of the assets may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets is guided by the relevant Bangladesh Bank circular/ instructions and BAS 39 "Financial Instruments: Recognition & Measurement".

2.2.8 Non-Convertible Subordinated Bond

The Bank has issued 7 (Seven) years term subordinated bond during the year 2014 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline of Risk Capital Adequacy" of Bangladesh Bank circular # BRPD (BIC) 661/14B (P)/ 2014 dated 15 April 2014.

2.2.9 Other Assets

Other assets of the Bank include all balance sheet items which are not covered specifically in other areas of the supervisory activity and such items may be insignificant in terms of overall financial condition of the Bank.

2.2.10 Lease

Leases are classified as finance lease whenever the terms of the lease transfer substantiality all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases as per BAS 17 "Leases".

The Bank as leasor:

Amount due from leases under finance leases are recorded as receivables at the amount of the bank's net investment in the leases. Finance Leases income is allotted to accounting periods so as to reflect a constant periodic rate to return on the Bank's net investment outstanding in respect of the leases as per BAS 17 "Leases".

The Bank as lessee:

Assets held under finance leases are recognized as assets of Bank at the fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a Finance Lessee Obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income as per BAS 17 "Leases".

2.2.11 Receivables

The Bank recognizes receivables when there is a contractual right to receive cash or in form of another financial asset from another entity.

2.2.12 Non- Banking Assets

There are no assets acquired in exchange for loan in the financial statements of the Bank.

2.2.13 Reconciliation of Inter- bank & Inter- branch Account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences, which may affect the financial statements significantly. Un-reconciled entries/ balances in inter-branch transactions as on the reporting date are not material.

2.3 Revenue Recognition

2.3.1 Interest Income

According to the BAS 18 "Revenue", the interest income is recognized on an accrual basis. Interest from loans and advances ceases to be accrued when they are classified as non-performing. It is then kept in interest suspense in a memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

2.3.2 Investment Income

Interest income on investments is recognized on accrual basis using effective interest rate as per BAS 18 "Revenue". Capital gain on investments in shares is recognized as income and credited to investment income in the profit and loss statement as per BAS 39 "Financial Instruments: Recognition and Measurements". Capital Gain is recognized when it is realized.

2.3.3 Fees & Commission Income

Fees and Commission income arises on services provided by the Bank are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of effecting the transactions in accordance with BAS 18 "Revenue".

2.3.4 Dividend Income on Shares

Dividend income on shares is recognized during the period in which it is declared and right to receive is established as per BAS 18 "Revenue".

2.3.5 Interest Paid & Other Expenses

In terms of the provisions of BAS 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

2.3.6 Dividend Payments

Final dividend is recognized when the shareholders approve it and right to receive of dividend is established to the shareholder.

2.4 Share Capital

Ordinary shares are classified as capital/ shareholders' equity which has no contractual obligation to transfer cash or in terms of other financial assets.

2.4.1 Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

Details are shown in Note 13

2.4.2 Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

Details are shown in Note 13.3

2.5 Statutory Reserve

As per the provision of section 24 of the Bank Companies Act 1991 (as Amended up to 2013) the Bank requires to transfer 20% of its current period's profit before tax to reserve until such reserve equals to its paid up capital. Accordingly Bank has transferred requisite portion of current period's profit to the statutory reserve account.

2.6 Non Controlling Interest

Non controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non controlling interest belongs to other investors & their interest is reported on the consolidated balance sheet of the parent company to reflect the claim on that subsidiary's assets. And their share of profit in the subsidiary is presented on the consolidated income statement as a non controlling interest.

2.7 Deposits & Other Accounts

Deposits by customers & banks are recognized when the bank enters into contractual arrangement with counterparties to repay the amount. The amount is initially measured by the Bank at the consideration received.

2.8 Borrowings from Other Banks, Financial Institutions & Agents

Borrowings include call deposits, Bangladesh Bank refinance, other banks borrowings, off-shore banking unit. The amounts are recognized at the repayable amount. An interest expense on this amount is charge to the profit or loss account.

2.9 Basis for Valuation of Liabilities & Provisions

2.9.1 Current Tax

Provision for current income tax has been made as prescribed in the Finance Act, 2015 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS 12 " Income Taxes".

2.9.2 Deferred Tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying value of assets, liabilities, income and expenditures and their respective tax basis. Deferred tax assets and liabilities are measured using tax rate and tax laws that have been enact or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS 12 "Income Taxes".

2.9.3 Provision for Contingent Assets & Liabilities

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.9.4 Off- Balance Sheet Items & Provisions

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 10, dated 18 September 2007, and BRPD Circular # 14, dated 23 September 2012, Banks are required to maintain provision @1% against off-balance sheet exposures (L/C and Guarantee) effective from December 2008.

2.9.5 Provisions for Nostro Accounts

As per instruction contained in the circular letter No. FEPD (FEMO)/ 01/ 2005-677, dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is not required to make provision regarding the un-reconciled debit balance of nostro account as on the reporting date in these financials.

2.9.6 Benefits to the Employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of BAS 19 "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

Provident Fund

Provident fund benefits are given to the permanent employees' of the Bank in accordance with Bank's service rules. Accordingly, a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone -3, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984.

The recognition took effect from 02 June 1999. The Fund is operated by a Board of Trustees consisting of six members (03 members from the management side and other 03 members from the Board of Directors including Managing Director) of the Bank. All confirmed employees of the Bank are continuing their contribution @10% of their basic salary as subscription to the Fund. The Bank also similarly contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

Gratuity Fund

The Bank has started providing Gratuity fund, which was approved by the National Board of Revenue on 05 October 2006. The Fund is operated by a Board of Trustees consisting of 7 (seven) members of whom 03 members are from the Board of Directors including Managing Director of the Bank.

Welfare Fund

Mercantile Bank Limited Employees' Welfare Fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund from time to time. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities, a portion of retirement benefit & stipend to the employees' children. Disbursement from the fund is done as per prescribed rules of employees' Welfare Fund.

Incentive Bonus

Mercantile Bank Limited started a scheme under the name and style "Incentive Bonus" for imperative motivation to all the employees work under the Bank. The criterion of payment of Incentive bonus does not exceed 10% of disclosed net profit of the Bank as per section 30(j) of Income Tax Ordinance 1984. This Bonus amount is distributed amongst the employees on annual basis based on their individual job performance.

2.10 Risk Management

The risk of Mercantile Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk arising from money laundering incidences. The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

2.10.1 Credit Risk

Credit risk arises mainly from lending, trade finance, and leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/ her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers/ executives involved in credit related activities. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval; administration, monitoring and recovery functions have been segregated.

For this purpose, three separate units have been formed within the Credit Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/ strategy for lending operation, etc. Adequate provision has been made on classified loans.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Unit when it is approved/ declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved/ declined by the Executive Committee and/ or the Management of the Bank.

In determining Single borrower / large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

2.10.2 Liquidity Risk/ Assets Liability Management

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid Office and Back Office. Asset Liability Committee (ALCO) monitors the Liquidity Management on a regular basis. A written contingency plan is in place to manage crisis situation.

2.10.3 Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, equity and commodity prices.

Foreign Exchange Risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the Period.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and the management for its settlement reviews outstanding entry beyond 30 days. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest Rate Risk

Interest rate risk may arise either from trading portfolio and non-trading portfolio. The trading portfolio of the Bank consists of Government Treasury Bills and Treasury Bonds with maturity varied from 1 to 20 years. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

2.10.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks in the Bank are managed through a comprehensive and well-articulated internal control framework. Material losses are regularly analyzed by cause and actions are taken to improve system and controls to prevent recurrence in the future.

Bank has restructured Internal Control and Compliance Division (ICCD) headed by a senior level executive in light of Core Risk guidelines of Bangladesh Bank. As a tool of Internal Control, the Audit and Inspection teams undertake periodic and special audit and inspection on the branches and departments/ divisions of Head Office in order to sort out the weaknesses and defects in the control process and report to the management for taking corrective measures to protect the interests of the Bank.

The Compliance & Monitoring Units ensure timely and proper compliance of all regulatory instructions and internal policies and procedures in the day-to-day operation of the Bank by way of using various control tools. They assess the operational risk and take appropriate measures to mitigate the same for smooth operation of the Bank. ICC Division reports serious non-compliances detected by internal and external auditors with up-to-date compliance position i.e. large financial risk exposures, control weaknesses etc. to the Audit Committee of the Board for review and taking appropriate measures.

The ICC division also ensures the clear definition of organizational structure, appropriate assignment, accountability and delegation of authorities to functional management to create control and compliance culture within organization with the active guidance and supervision of senior management and Board of Directors.

2.10.5 Reputation Risk Arising from Money Laundering Incidences

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all the category of Officers and Executives for developing awareness and skill for identifying suspicious activities/ transactions.

2.10.6 Internal Control & Compliance Risk

To ensure the integrity of liquidity risk management process, Bank has adequate internal controls. These are an integral part of the Bank's overall system of internal control. An effective system of internal control for liquidity risk includes:

- a strong control environment;
- an adequate process for identifying and evaluating liquidity risk;
- the establishment of control activities such as policies and procedures;
- adequate information systems; and
- continual review of adherence to established policies and procedures.

Our all aspects of the internal control system are effective, including those aspects that are not directly part of the risk management process. The system is evaluated and reviewed regularly by the Management.

Audit Committee

The Audit Committee of the Board was duly formed by the Board of Directors of the Bank in accordance with the BRPD Circular no. 11 dated 27 October 2013 of the Bangladesh Bank

Pursuant to the BSEC notification no. SEC/CMRRCD/2006-158/129/Admin/44 dated 07 August 2012, on Corporate Governance, the current Committee is constituted with the following 5 (five) members of the Board and the Bank hereby has been compliant with the BRPD Circular no. 11 dated 27 October 2013.

Name	Designation	Educational qualification
Dr. Mahmood Osman Imam, FCMA	Chairman	M. Com., MBA, FCMA, PhD
Md.Shahabuddin Alam	Member	M. Com
M. Amanullah	Member	Graduate
Alhaj Mosharreh Hossain	Member	Graduate
Dr. Md. Rahmat Ullah	Member	LLM,PhD

During the 3rd Quarter 30 September 2016, the Audit Committee of the Board of Directors conducted 09 (nine) meetings in which among other things the following issues were discussed/ evaluated/ reviewed and provided guidelines and necessary instructions:

- Reviewed the Bank's financial statements
  - Balance Sheet,
  - Profit & Loss Account,
  - Cash Flow Statement, Statement of Changes in Equity,
  - Liquidity Statement and
  - Related Explanatory Notes

- Approval of Risk Based Audit Plan.
- Reviewed the performance of Mercantile Bank Securities Limited.
- Reviewed Compliance on observations, recommendations and decisions of the Audit Committee Meetings.
- Reviewed the Bank's Quarterly and Periodical financial statements
- Reviewed the Comprehensive Inspection Reports on different branches as well as different Divisions of Head Office of the Bank conducted by the Team of ICCD from time to time.

Internal Audit

The Bank's compliance risk management system is subject to implementation by the senior management and a qualified compliance officer/ staff and reviewed by an effective and comprehensive internal audit function.

Compliance risk included in the risk assessment methodology of the internal audit function and an audit program that covers the adequacy and effectiveness of the Bank's compliance function established, including testing of controls commensurate with the perceived level of risk.

This principle implies that the compliance function and the internal audit function separate to ensure that the activities of the compliance function are subject to independent review. However, the audit function keep the head of compliance informed of any audit findings related to compliance.

2.10.7 Fraud and Forgeries

Fraud Detection and Management Process: Internal Audit (IA) team conducts surprise audit on all branches and departments/ divisions of the Head Office at least once in a year. While auditing branches and offices, the IA team thoroughly checks the operational activities of the branches/ offices including transactions in various accounts and search for any irregularities occurred in those accounts. IA team also monitors the staff accounts and if necessary investigate the suspicious transactions and report the same to the management. IA team also conducts investigation into specific allegations and submits report to the management for action. Senior management of the Bank also conduct regular visit to branches and advise the branch officials to comply with all the regulatory instructions, policies and procedures of the Bank. Proper financial impact has been given in the books of accounts of the Bank as well as appropriate action has been taken for any financial irregularities due to fraud or forgery.

2.10.8 Information Technology Risk

Financial information is mostly depends on strong, reliable & secured technology for smooth banking operation & other services provided by the Banks to the stakeholders. The Bank has IT policy to maintain sound IT system to minimize risk.

Information System Audit

Systems audit is a part of the overall audit process, which is one of the facilitators for good corporate governance. IT audit is basically "the process of collecting and evaluating evidence to determine whether a computer system (information system) safeguards assets, maintains data integrity, achieves organizational goals effectively and consumes resources efficiently."To Comply the ICT Guideline of Bangladesh Bank and to ensure the smooth operation of business, an independent "IT Audit & Security" department has been formed in May 2007. The main aim of the department is to identify the inherent risks and vulnerabilities associated with the use of IT operated banking system Temenos (T-24), other duties are to implement controls to mitigate the risks and provide recommendations for improvement in controls for reducing risks. Internal IT Audit provides an objective means of reviewing the risks faced by the Bank in relation to use of Information Technology and assesses whether they are being controlled/ mitigated in an effective and efficient manner; provides an assessment of the Bank's IT control against 'Guideline on ICT for Scheduled Banks by Bangladesh Bank'. Internal Control and Compliance contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even with effective internal control, no matter how well designed, has inherent limitations including the possibility of the circumvention or overriding of controls and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time. MBL has taken all-out efforts to mitigate all sorts of risk as per guidelines issued by Bangladesh Bank. As a part of robust risk management process, the Bank has formulated a comprehensive Credit Risk Management Policy to address credit risk.

2.11 Earnings per Share

The company calculates Earnings per Share (EPS) in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the Profit and Loss account and the computation of EPS is elaborated in **Note-32.**

Basic Earnings per Share

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings per Share

No diluted earnings per share is calculated as there is no scope for dilution during the year.

2.12 Directors' responsibility on financial statements

The Board of Directors' responsibility is the preparation & presentation of financial statements.

2.13 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers' cheque, savings certificates, wage earners bonds and other fall under the memorandum items.

2.14 Compliance report on Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs). While preparing the financial statements, Mercantile Bank Limited applied most of BASs and BFRSs as adopted by the ICAB. Details are given below:

Name of the BAS	BAS No	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants & Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting & Reporting by Retirement Benefit Plans	26	Applied
Consolidated & Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities & Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition & Measurement	39	Applied
Investment Property	40	Applied
Agriculture	41	N/A

Name of the BFRS	BFRS No	Status
First- time Adoption	1	N/A
Share- based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non- current Assets Held for Sale & Discontinued Operations	5	N/A
Exploration for & Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	N/A
Operating Segments	8	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	N/A

2.15 Departures from BAS/BFRS

The consolidated financial statements of the Bank as at and for the 3rd Quarter September 2016 have been prepared under the historical cost convention except investments and in accordance with the "first schedule" (section 38) of the Bank Companies Act 1991 as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 September 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations. In case, any requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Bank have departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investments in shares and securities

BFRS:

As per requirements of 'BAS 39- Financial Instruments: Recognition & Measurement' investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13- Fair Value Measurement) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 September 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

ii) Revaluation gain/loss on Government securities

BFRS:

As per requirement of 'BAS 39- Financial Instruments: Recognition & Measurement' where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank:

HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on loans and advances

BFRS:

As per 'BAS 39- Financial Instruments: Recognition & Measurement' an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank:

As per BRPD Circular No. 14 (23 September 2012), BRPD circular No.19 (27 December 2012), BRPD circular No.05 (29 May 2013) and BRPD circular No 08 (02 August 2015) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no.10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Recognition of interest in suspense A/C

BFRS:

Loans and advances to customers are generally classified as 'loans and receivables' as per 'BAS 39- Financial Instruments: Recognition & Measurement' and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank:

As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

v) Other comprehensive income

BFRS:

As per 'BAS 1- Presentation of Financial Statements' Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank:

Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in 'BAS 39- Financial Instruments: Recognition & Measurement'. As such full disclosure and presentation requirements of 'BFRS 7- Financial Instruments: Disclosures' and 'BAS 32-Financial Instruments: Presentation' cannot be made in the financial statements.

vii) Financial guarantees

BFRS:

As per 'BAS 39- Financial Instruments: Recognition & Measurement' financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 September 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

viii) Cash and cash equivalents

BFRS:

Cash and cash equivalent items should be reported as cash item as per 'BAS 7- Statement of Cash Flows'.

Bangladesh Bank:

Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) Non banking assets

BFRS:

No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 September 2003, there must exist a face item named Non-banking asset.

x) Cash flow statement

BFRS:

AS per 'BAS 7- Statement of Cash Flows' The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 September 2003, cash flow is the mixture of direct and indirect methods.

xi) Balance with Bangladesh Bank (CRR)

BFRS:

Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per 'BAS 7- Statement of Cash Flows'.

Bangladesh Bank:

Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BFRS:

An intangible asset must be identified and recognized. And the disclosure must be given as per 'BAS 38-Intangible Assets'.

Bangladesh Bank:

There is no regulation for intangible assets in BRPD circular no.14 dated 25 September 2003.

xiii) Off balance sheet items

BFRS:

There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank:

As per BRPD circular no.14 dated 25 September 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Loans and advances net of provision

BFRS:

Loans and advances should be presented net of provisions.

Bangladesh Bank:

As per BRPD circular no.14 dated 25 September 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note-2.14 Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

2.16 Approval of financial statements

The Board of Directors' approved the financial statements 2015 on 04 April 2016.

2.17 Component of Financial Statements

As per BAS 1 "Presentation of Financial Statements" and as recommended in the BRPD Circular # 14, dated 25 September 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank the Financial Statement includes;

a) Balance Sheet (Statement of Financial Position);

b) Profit & Loss account (Statement of Profit or Loss & Other Comprehensive Income);

c) Statement of Changes in Equity;

d) Statement of Cash Flows;

e) Liquidity Statement; and

f) Significant Accounting Policies and Explanatory Notes to the Financial Statements.

2.18 Implementation of BASEL-III

Basel III refers to the latest capital and liquidity standards prescribed by the Bank for International Settlements (BIS). Bangladesh has entered into the Basel III regime effective from January 01, 2015. Bangladesh Bank (BB) amended its capital standard which was based on Basel II and circulated new regulatory capital and liquidity guidelines in line with Basel III of BIS. The Basel III reform measures aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress thus reducing the risk of spillover from the financial sector to the real economy, improve risk management and strengthen banks' transparency and disclosures. The new capital and liquidity standards have great implications for banks.

2.19 Rating

Credit Rating and Information Services Limited (CRISL) on the basis of Financial Statements as rated Mercantile Bank Limited. The summary of their ratings is given below:

CRISL

CRISL rated the Mercantile Bank Limited to "AA-" (Pronounced as Double A Minus) in the long term. The above gradation has been done in consideration with its financial viability and consequent improvement in asset quality, capital adequacy, stable source of fund, diversified product lines etc. Financial institutions rated in this category are adjudged the financial institution that is subservient to have high safety to timely repayment of financial obligations. It means Bank rated in the category is adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicate a corporate entity a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. CRISL rated the Mercantile Bank Limited to ST-2 in the short term. This rate shows High Grade of the Bank it indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small. The long-term rating is valid for only one year and short-term rating is for six months.

2.20 General

a) Wherever considered necessary, previous period's figures have been rearranged for the purpose of comparison;
b) Figures appearing in the Financial Statements have been rounded off to the nearest Taka;
c) The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided for in the books of the Bank.

	Amount in BDT	
	Sep-16	Dec-15

3 Cash

3.1 Cash in hand

	Sep-16	Dec-15
In local currency	1,919,137,576	1,380,811,226
In foreign currency	24,688,659	16,701,065
	1,943,826,236	1,397,512,291

3.2 Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)

	Sep-16	Dec-15
Bangladesh Bank		
In local currency	10,347,672,712	10,081,867,941
In foreign currencies	177,299,322	1,477,831,829
	10,524,972,035	11,559,699,770
Agent banks(s)		
Sonali Bank Limited. - Local Currency	128,340,473	268,258,701
	10,653,312,508	11,827,958,471
	12,597,138,744	13,225,470,762

3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been maintained on the basis of total time and demand liabilities and in accordance with the Section 33 of the Bank Companies Act, 1991 (amended upto 2013) and clause (1) of Article 36 of Bangladesh Bank order,1972 (as amended up to 2003), DOS Circular# 01 Dated 19 January 2014, MPD Circular # 01 dated 23 June 2014 and MPD Circular # 02 dated 10 December 2013. The Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) calculated on the Bank's total demand and time liabilities and maintained on a fortnight average basis. CRR 6.5% maintained with the Bangladesh Bank's current account and SLR 13% is to be maintained in the form of securities which include Treasury Bills, Government Treasury Bonds, Bangladesh Bank Bills and Other Securities approved by the Bangladesh Bank, such as, T&T Bonds and also balance held with Sonali Bank Limited., cash in hand and vault, balance of FC clearing account maintained with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

a) Cash Reserve Ratio (CRR): 6.5% of average demand and time liabilities:

	Sep-16	Dec-15
Required Reserve	10,182,627,340	10,021,958,440
Actual reserve held with Bangladesh Bank (Note-3.2)	10,347,672,712	10,081,867,941
Surplus	165,045,372	59,909,501

b) Statutory Liquidity Ratio (SLR): 13% of average demand and time liabilities:

	Sep-16	Dec-15
Required reserve	20,365,254,680	20,043,916,880
Actual reserve held (Note-3.5)	29,538,792,494	30,274,948,182
Surplus	9,173,537,814	10,231,031,302

3.4 Maturity grouping of cash

	Sep-16	Dec-15
Maturity-wise groupings (inside and outside Bangladesh)		
Payable on demand	12,597,138,744	13,225,470,762
Up to 1(one) month	-	-
Over 1(one) month but not more than 3 (three) months	-	-
Over 3 (three) months but not more than 1 (one) year	-	-
Over 1 (one) year but not more than 5 (five) years	-	-
Over 5 (five) years	-	-
	12,597,138,744	13,225,470,762

	Amount in BDT	
	Sep-16	Dec-15
3.5 Held for Statutory Liquidity Ratio		
Cash in hand (Note-3.1)	1,943,826,236	1,397,512,291
Surplus of CRR	165,045,372	59,909,501
Government securities (Note-6.2a)	3,189,279,931	1,147,481,450
Government bonds (Note-6.2b)	24,240,640,954	27,670,044,940
	29,538,792,494	30,274,948,182
3(a) Consolidated Cash		
Cash in hand (including foreign currencies)		
Mercantile Bank Limited	1,943,826,236	1,397,512,291
Mercantile Bank Securities Limited	202,537	139,634
Mercantile Exchange House (UK) Limited	3,298,954	625,677
	1,947,327,727	1,398,277,602
Balance with Bangladesh Bank and its agent bank. (including foreign currencies)		
Mercantile Bank Limited	10,653,312,508	11,827,958,471
Mercantile Bank Securities Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	10,653,312,508	11,827,958,471
	12,600,640,235	13,226,236,073
4. Balance with other banks and financial institutions		
4.1 In Bangladesh		
Current accounts		
Sonali Bank Limited	1,200,085	1,200,085
Agrani Bank Limited	16,941,289	341,289
Janata Bank Limited	5,674,129	5,675,219
Rupali Bank Limited	11,771	11,771
Pubali Bank Limited	-	1,805
United Commercial Bank Limited	362,933	365,583
Standard Bank Limited	2,000,000	2,000,000
Bangladesh Commerce Bank Limited	996,225	996,225
NRB Commercial Bank Limited	1,247,930	1,187,401
Modhumoti Bank Limited	2,569,078	2,236,534
NRB Bank Limited	786,666	378,170
Brac Bank Limited	(120,358)	(1,492,344)
Al Arafah Islami Bank Limited	2,500,000	2,500,000
South Bangla Agriculture & Commerce Bank Limited	2,984,445	1,397,167
AB Bank Limited	26,005	26,005
National Bank Limited	29,935	29,014
	37,210,132	16,853,924
Short-notice deposits accounts		
Standard Chartered (VISA settlement)	4,889,573	7,010,588
Trust Bank Limited(Q-Cash settlement)	15,916,645	9,297,468
National Bank Limited	754,474,303	2,140,206
AB Bank Limited	7,971	7,971
Agrani Bank Limited	28,563,338	53,896,714
South East Bank Limited	237,896	233,327
Mercantile Bank Securities Limited	88,081	45,960
One Bank Limited	-	400,000,000
NRB Global Bank Ltd	200,000,000	-
The Premier Bank Ltd	500,000,000	-
Standard Bank Limited	-	500,000,000
NRB Bank Limited	300,000,000	200,000,000
Midland Bank Limited	-	200,000,000
	1,804,177,807	1,372,632,254
Off-shore Banking Unit	82,828,659	92,134,514
	1,924,216,598	1,481,620,692

		Amount in BDT	
Financial Institutions		Sep-16	Dec-15
PFI Securities Limited		21,002	23,178
IIDFC Finance Limited		20,000,000	20,000,000
International Finance Investment Limited		-	500,000,000
Prime Finance & Investment Limited		300,000,000	100,000,000
Union Capital Limited		300,000,000	200,000,000
International Leasing and Financial Services Limited		-	200,000,000
IDLC Finance Limited		600,000,000	500,000,000
LankaBangla Finance Limited		300,000,000	200,000,000
Phoenix Finance & Investments Limited		250,000,000	150,000,000
United Finance Limited		300,000,000	200,000,000
Industrial Promotion and Development Company Limited		200,000,000	-
Investment Corporation of Bangladesh		350,000,000	-
DBH		500,000,000	-
		3,120,021,002	2,070,023,178
Sub-Total		5,044,237,600	3,551,643,870

4.2 **Outside Bangladesh (Nostro accounts)**

	Country	Currency	Sep-16	Dec-15
Standard Chartered Bank, New York	USA	USD	72,041,686	1,672,028
Mashreq Bank, New York	USA	USD	22,217,933	4,167,755
HSBC, New York	USA	USD	20,710,714	690,736
Wachovia Bank, New York	USA	USD	156,180,627	84,832,142
Habib American Bank	USA	USD	28,702,710	1,414,913
JP Morgan Chase Bank NY	USA	USD	39,281,441	(189,142)
Sonali Bank, UK	UK	USD	7,430,443	14,527,461
Commerzbank, Frankfurt	Germany	USD	36,079,352	62,241,852
Sonali Bank, UK	UK	EURO	341,149	1,526,202
Commerzbank, Frankfurt	Germany	EURO	18,716,353	8,985
Standard Chartered Bank, Frankfurt	Germany	EURO	3,865,952	4,009,367
Unicredito Italiano, Milan	Italy	EURO	27,744,227	6,275,924
Standard Chartered Bank ,London	UK	GBP	16,617,166	24,186,369
Habib Allied Bank UK	UK	GBP	15,610,980	32,293,006
The Bank of Tokyo Mitsubishi Limited	Japan	JPY	23,559,400	5,466,725
Habib Bank AG Zurich	Switzerland	CHF	3,427,937	977,150
Hatton National Bank, Colombo	Srilanka	ACU	5,404,498	3,461,557
Bank of Bhutan, Phuentsholing	Bhutan	ACU	1,675,839	748,823
Arab Bangladesh Bank Limited., Mumbai	India	ACU	9,501,023	279,406
United Bank of India, Kolkata	India	ACU	2,958,489	297,379
Sonali Bank, Kolkata	India	ACU	7,684,300	19,482
Standard Chartered Bank, Mumbai	India	ACU	4,084,584	274,606
ICICI Bank Limited, Mumbai	India	ACU	3,354,220	22,565
Mashreq Bank, Mumbai	India	ACU	4,420,408	6,132,248
Nepal BD Bank Limited	Nepal	ACU	3,794,925	15,573,288
Meezan Bank Limited	Pakistan	ACU	49	45
Habib Metropolitan Bank	Pakistan	ACU	11,664,984	205,520
ICICI Bank Limited, Hongkong			(5,021,520)	
Sub-Total			542,029,869	271,116,382
Total			5,586,267,469	3,822,760,252

	Amount In BDT	
	Sep-16	Dec-15
4.3 Maturity-wise grouping (Inside and outside Bangladesh)		
Payable on demand	1,924,216,598	1,481,620,692
Up to 1 (one) month	-	-
Over 1 (one) month but not more than 3 (three) months	542,029,869	271,116,382
Over 3 (three) months but not more than 1 (one) year	3,120,021,002	2,070,023,178
Over 1 (one) year but not more than 5 (five) years	-	-
Over 5 (five) years	-	-
	5,586,267,469	3,822,760,252
4(a) Consolidated Balance with Other Banks and Financial Institutions		
In Bangladesh		
Mercantile Bank Limited.	5,044,237,600	3,551,643,870
Mercantile Bank Securities Limited.	611,110,681	483,045,161
Mercantile Exchange House (UK) Limited	-	-
	5,655,348,280	4,034,689,031
Inter Company Transaction	(342,094,504)	(218,227,990)
	5,313,253,776	3,816,461,041
Outside Bangladesh (Nostro Accounts)		
Mercantile Bank Limited.	542,029,869	271,116,382
Mercantile Exchange House (UK) Limited	3,319,552	12,114,825
	545,349,421	283,231,207
	5,858,603,197	4,099,692,248
5. Money at call and short notice		
Non- banking financial institutions		
Delta Brac Housing Finance Corporation Limited	-	50,000,000
IDLC Finance Limited	-	330,000,000
Phoenix Finance & Investment Limited	200,000,000	130,000,000
Prime Finance and Investment Limited	200,000,000	90,000,000
Union Capital Limited	100,000,000	40,000,000
LankaBangla Finance Limited	300,000,000	-
International Leasing and Financial Services Limited	-	100,000,000
	800,000,000	800,000,000
5(a) Consolidated money at call and short notice		
Mercantile Bank Limited.	800,000,000	800,000,000
Mercantile Bank Securities Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	800,000,000	800,000,000
6. Investments		
Government securities (Note- 6.1)	27,429,920,885	28,817,526,390
Other investments (Note- 6.5)	9,254,240,570	5,011,934,876
	36,684,161,455	33,829,461,266
6.1 Investment classified as per Bangladesh Bank circular:		
Held for trading (HFT)	10,145,557,521	9,655,407,845
Held to maturity (HTM)	17,148,774,429	19,027,184,441
Other securities	135,588,934	134,934,104
	27,429,920,885	28,817,526,390

	Sep-16	Dec-15
	Amount in BDT	
6.2 Investment classified as per nature:		
a) Government securities:		
30 days BB Bills	2,753,323,560	1,147,481,450
91 days Treasury Bills	-	-
182 days Treasury Bills	-	-
364 days Treasury Bills	435,956,371	-
	3,189,279,931	1,147,481,450
b) Government bonds:		
2 Years Treasury Bond	623,519,221	327,448,012
5 Years Treasury Bond	2,685,044,580	5,806,709,842
10 Years Treasury Bond	11,188,443,977	12,804,356,608
15 Years Treasury Bond	5,256,706,269	5,149,329,052
20 Years Treasury Bond	4,483,146,017	3,579,075,366
Prize Bonds	3,780,890	3,126,060
	24,240,640,954	27,670,044,940
Total (a+b)	27,429,920,885	28,817,526,390
Other Investments (Note- 6.5)	9,254,240,570	5,011,934,876
	36,684,161,455	33,829,461,266

Value of securities for the half year 2016 are also adjusted with the values determined by mark-to-market method.

	Sep-16	Dec-15
6.3 Maturity grouping of Government bonds :		
Payable on demand	3,780,890	3,126,060
Up to 1 (one) month	3,807,477,551	1,547,481,450
Over 1 (one) month but not more than 3 (three) months	2,017,736,274	992,840,971
Over 3 (three) months but not more than 1 (one) year	807,971,205	5,028,289,892
Over 1 (one) year but not more than 5 (five) years	5,438,440,603	4,233,807,747
Over 5 (five) years	15,354,514,362	17,011,980,270
	27,429,920,885	28,817,526,390

	Sep-16	Dec-15
6.4 Types of Government securities		
A. Held to Maturity (HTM) securities		
30 days BB Bill	2,753,323,560	-
5 Years Treasury Bond	1,628,600,000	4,738,500,000
10 Years Treasury Bond	6,661,354,852	9,493,913,416
15 Years Treasury Bond	3,615,046,185	3,060,721,186
20 Years Treasury Bond	2,490,449,832	1,734,049,839
	17,148,774,429	19,027,184,441
B. Held for Trading (HFT) securities		
91 days BB Bills	435,956,371	1,147,481,450
2 Years Treasury Bond	623,519,220	327,448,012
5 Years Treasury Bond	1,056,444,580	1,068,209,842
10 Years Treasury Bond	4,527,089,125	3,310,443,192
15 Years Treasury Bond	1,641,660,084	2,088,607,867
20 Years Treasury Bond	1,860,888,141	1,713,217,482
	10,145,557,521	9,655,407,845
C. Other Securities		
Encumbered Treasury Bond (lien with Bangladesh Bank)	131,808,044	131,808,044
Prize Bonds	3,780,890	3,126,060
	135,588,934	134,934,104
Total (A+B+C))	27,429,920,885	28,817,526,390

6.5 Other Investments	Amount in BDT Sep-16	Dec-15
A. Investment in shares		
a) Unquoted		
Central Depository Bangladesh Limited	5,138,890	5,138,890
SWIFT	5,218,706	5,218,707
Mercantile Bank Securities Limited	3,550,000,000	600,000,000
Mercantile Exchange House UK Limited	105	119
Market Stabilization Fund Asset Management Co. Limited	2,000,000	2,000,000
ITCL	-	10,000,000
	3,562,357,701	622,357,716
b) Quoted		
Al-Arafah Islami Bank Limited	2,074,410	2,074,410
Aftab Auto Mobiles Limited	14,586,015	10,238,073
Bank Asia Limited	10,029,928	10,029,928
Beximco Limited	30,947,879	30,947,879
Saif Powertec Limited	-	3,311,393
Eastern Bank Limited	5,164,616	5,164,616
Eastland Insurance Limited	1,852,762	1,852,762
GPH Ispat Limited	-	2,001,303
IDLC Finance Limited	136,887,000	136,887,000
IFIC Bank Limited	1,019,349	1,019,348
LankaBangla Finance Limited	23,501,702	23,501,702
MBL 1st Mutual Fund	200,000,000	200,000,000
National Bank Limited	5,729,116	5,729,116
Navana CNG Limited	3,488,726	3,488,726
Prime Finance & Investment Limited	8,517,764	8,517,764
RAK Ceramics Limited	12,980,620	12,980,520
Salham Cotton Mills Limited	1,457,001	1,457,001
S. Alam Cold Rolled Steel Limited	1,546,662	1,546,662
Social Islami Bank Limited	3,868,613	3,868,613
Square Pharmaceuticals Limited	4,251,263	9,919,611
Summit Power Company Limited	86,999,885	86,999,885
The City Bank Limited	3,880,736	3,880,736
Titas Gas Transmission & Dist. Co. Limited	4,706,629	4,706,629
Unique Hotel & Resorts Limited	-	5,132,771
UPGDCL	-	9,928,419
ITCL	10,000,000	-
Uttara Bank Limited	1,792,193	1,792,193
	575,282,869	586,977,160
Market price of quoted shares	1,492,086,779	1,476,160,448
Gain/(Loss) arises	916,803,910	889,183,288

Gain/(Loss) has been determined on consolidated basis.

c) Investment in Commercial Paper(Non-Trade)

	Sep-16	Dec-15
GPH Ispat	100,000,000	-
Bangla Trac Ltd.	500,000,000	-
Danish Condensed Milk Ltd.	500,000,000	-
Bangla Trac Communications Ltd.	100,000,000	-
Shanta Holdings Ltd.	250,000,000	100,000,000
	1,450,000,000	100,000,000

B. Bonds	Sep-16	Dec-15
	Amount in BDT	
FSIBL Mudaraba Subordinated Bond	108,000,000	144,000,000
NBL Subordinated Bond	25,600,000	25,600,000
The City Bank Subordinated Bond	783,000,000	783,000,000
Southeast Bank Subordinated Bond	250,000,000	250,000,000
Eastern Bank Subordinated Bond	250,000,000	250,000,000
Exim Bank Subordinated Bond	250,000,000	250,000,000
Prime Bank Subordinated Bond	250,000,000	250,000,000
Bank Asia Subordinated Bond	500,000,000	500,000,000
Jamuna Bank Subordinated Bond	500,000,000	500,000,000
United Commercial Bank Subordinated Bond	500,000,000	500,000,000
Alarafa Islami Bank Subordinated Bond	250,000,000	250,000,000
	3,666,600,000	3,702,600,000
	9,254,240,570	5,011,934,876

6.6 (i) Disclosures regarding outstanding Repo

Counterparty name	Agreement date	Reversal date	Reversal date
	Nil		
	Total		

(ii) Disclosures regarding outstanding Reverse Repo as on 30 September 2016:

Counterparty name	Agreement date	Reversal date	Amount
	Nil		

(iii) Disclosure regarding overall transaction of Repo and Reverse Repo

Counterparty name	Minimum outstanding during the year	Maximum outstanding during the year	Maximum outstanding during the year
Security sold under Repo			
i) with Bangladesh Bank	475,000,000	475,000,000	475,000,000
ii) with other Banks & FIs	193,524,693	1,696,652,524	394,112,850
Security purchased under Reverse Repo			
i) From Bangladesh Bank	-	-	-
ii) From other Banks & FIs	172,615,100	2,312,624,501	791,957,830

		Amount in BDT	
		Sep-16	Dec-15
6(a)	**Consolidated Investment**		
	Investment - Government Securities		
	Mercantile Bank Limited	27,429,920,885	28,817,526,390
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		27,429,920,885	28,817,526,390
	Other Investments		
	Mercantile Bank Limited	9,254,240,570	5,011,934,876
	Mercantile Bank Securities Limited	830,000,000	830,000,000
	Mercantile Exchange House (UK) Limited	-	-
		10,084,240,570	5,841,934,876
	Inter company transaction	(3,550,000,105)	(600,000,119)
		6,534,240,465	5,241,934,757
		33,964,161,350	34,059,461,147
7.	Loans and Advances		
	Loans, Cash Credit and Overdraft etc. (Note A)	127,262,287,403	117,680,020,620
	Bills Purchased and Discounted (Note B)	11,292,250,735	8,658,813,655
		138,554,538,138	126,338,834,275
A.	**Loans, Cash Credit and Overdraft, etc.**		
	Term Loan	40,732,185,272	34,181,961,424
	Time Loan	10,924,781,418	11,070,939,182
	Packing Credit	1,595,191,930	1,427,066,820
	Loan Against Trust Receipt (LTR)	4,519,540,654	3,974,284,395
	Lease Finance	1,250,015,714	1,046,371,397
	EDF Loan	6,938,048,269	5,815,679,466
	Loan General	694,808,686	805,602,236
	House Building Loan	2,959,191,252	2,903,893,309
	Hire Purchase	5,645,473,192	6,580,813,489
	Payment Against Documents (PAD)	527,697,830	458,289,706
	Cash Credit (Hypo)	11,734,587,600	10,979,781,878
	Overdraft	21,911,226,770	22,233,536,229
	Home Loan Scheme Refinance	5,547,234	6,417,477
	Personal Loan	225,416,763	285,241,536
	Consumers Credit Schemes	13,047,393	17,818,870
	Consumers Finance	1,110,858,215	1,047,657,103
	Other Credit Schemes	1,519,647	2,434,876
	Staff Loan	747,983,150	696,545,543
	Credit Card	290,063,108	286,625,987
	Small and Medium Enterprise(SME) Loan	12,808,436,633	11,656,871,253
	Agricultural Credit	2,626,666,672	2,202,188,445
		127,262,287,403	117,680,020,620

		Amount in BDT	
8.	**Bills Purchased and Discounted**	**Sep-16**	**Dec-15**
	Payable in Bangladesh	3,489,220,672	6,562,937,673
	Payable outside Bangladesh	7,803,030,063	2,095,875,982
		11,292,250,735	8,658,813,655
7.1	**Net loans, advances and leases/ investment**		
	Gross performing loans, advances and leases/ investment (Note-7)	138,554,538,138	126,338,834,275
	Less:		
	Non-performing loans, advances and leases/ investment (Note-7.13(x))	5,761,813,000	6,250,774,000
	Provision for loans, advances and leases/ investment (Note-12.5.1)	6,277,600,000	6,254,868,000
		12,039,413,000	12,505,642,000
		126,515,125,138	113,833,192,275
7.2	**Residual maturity grouping of loans, advances and leases/ investments including bill purchased and discounted**		
	Up to 1 (one) month	21,401,808,610	24,953,163,089
	Over 1 (one) month but not more than 3 (three) months	20,659,099,463	14,728,130,926
	Over 3 (three) months but not more than 1 (one) year	47,902,964,486	42,434,630,607
	Over 1 (one) year but not more than 5 (five) years	32,141,109,807	27,667,287,603
	Over 5 (five) years	16,449,555,772	16,555,622,050
		138,554,538,138	126,338,834,275
7.3	**Loans and advances (broad categories)**		
	In Bangladesh	138,554,538,138	126,338,834,275
	Loans and advances	92,594,827,504	83,420,331,116
	Leases/investments	1,250,015,714	1,046,371,397
	Cash credits	11,734,587,600	10,979,781,878
	Bill Purchased and discounted	11,292,250,735	8,658,813,655
	Overdraft	21,682,856,585	22,233,536,229
	Outside Bangladesh	-	-
	Total	138,554,538,138	126,338,834,275
7.3.1	**Residual maturity grouping of loans and advances**		
	Up to 1(one) month	15,212,888,568	9,042,451,884
	Over 1(one) month but not more than 3 (three) months	10,435,553,992	10,086,170,601
	Over 3 (three) months but not more than 1 (one) year	32,852,604,688	22,383,269,031
	Over 1 (one) year but not more than 5 (five) years	30,606,656,994	25,488,283,985
	Over 5 (five) years	3,487,123,262	16,420,155,615
		92,594,827,504	83,420,331,116
7.3.2	**Residual maturity grouping of leases / investments**		
	Lease rental receivable within 1 year	504,752,855	414,577,670
	Above 1 year but within 5 years	769,523,655	754,534,555
	Above 5 years	491,798,425	280,966,325
	Total lease rental receivable	1,766,074,935	1,450,078,550
	Unearned interest receivable	(516,059,221)	(403,707,153)
		1,250,015,714	1,046,371,397

	Amount in BDT	
	Sep-16	Dec-15
7.3.3 Residual maturity grouping of cash credit		
Up to 1 (one) month	2,388,655,340	1,743,147,923
Over 1 (one) month but not more than 3 (three) months	1,184,423,677	1,268,305,313
Over 3 (three) months but not more than 1 (one) year	8,161,508,583	7,543,507,019
Over 1 (one) year but not more than 5 (five) years	-	424,821,623
Over 5 (five) years	-	-
	11,734,587,600	10,979,781,878

7.3.4 Residual maturity grouping of bill purchased and discounted		
Up to 1 (one) month	3,208,247,022	6,120,630,105
Over 1 (one) month but not more than 3 (three) months	7,610,491,021	1,984,417,088
Over 3 (three) months but not more than 1 (one) year	473,512,692	553,766,462
Over 1 (one) year but not more than 5 (five) years	-	-
Over 5 (five) years	-	-
	11,292,250,735	8,658,813,655

7.3.5 Residual maturity grouping of overdraft		
Up to 1 (one) month	2,978,137,967	8,089,054,805
Over 1 (one) month but not more than 3 (three) months	3,647,026,981	1,387,803,747
Over 3 (three) months but not more than 1 (one) year	14,499,840,741	11,851,920,508
Over 1 (one) year but not more than 5 (five) years	557,850,896	904,757,169
Over 5 (five) years	-	-
	21,682,856,585	22,233,536,229

7.4 Significant Concentration of Credit		
Advances to Directors and Others	-	-
Advances to Managing Director and Chief Executive	-	-
Advances to customers	34,104,054,988	39,216,710,732
Industry-wise	103,702,500,000	86,425,578,000
Staff loan	747,983,150	696,545,543
	138,554,538,138	126,338,834,275

7.5 Geographical location-wise break-up		
Urban		
Dhaka	92,096,283,496	84,796,919,528
Chittagong	24,462,208,806	21,025,908,582
Rajshahi	8,943,365,421	8,518,586,787
Sylhet	787,497,083	923,512,466
Khulna	1,147,529,848	982,584,072
Rangpur	996,258,742	942,473,562
Barisal	1,083,969,044	1,143,204,102
Mymensingh	153,096,649	-
	129,670,209,089	118,333,189,199
Rural		
Dhaka	3,840,911,785	3,505,125,811
Chittagong	3,892,494,319	3,458,711,688
Rajshahi	957,391,776	899,868,109
Sylhet	72,906,646	67,296,339
Rangpur	79,376,039	59,998,316
Barisal	41,248,484	14,644,813
	8,884,329,049	8,005,645,076
	138,554,538,138	126,338,834,275

	Amount In BDT	
	Sep-16	Dec-15

7.6 Sector wise break-up of Loans

	Sep-16	Dec-15
Garments	23,973,526,615	19,163,064,589
Trading	12,903,436,063	17,457,740,675
Engineering (Iron & Steel, Electrical Equipment etc.)	17,952,719,269	15,508,173,208
Contractor finance	1,251,616,084	1,058,615,725
Leasing company (NBFI)	3,401,536,536	1,784,757,300
Construction & Housing	7,895,669,190	6,908,015,652
Food, food product, beverage, edible oil etc.	9,970,893,101	10,085,963,210
Pharmaceuticals	1,575,494,069	1,988,043,214
Tele-communication	704,399,968	497,445,351
Transport	2,205,105,594	2,217,843,567
Leather & leather products	2,911,381,533	855,229,951
Jute Industries	1,922,738,468	1,902,607,662
Textile	3,201,083,872	3,707,901,825
Information technology	234,053,090	177,801,166
Hospital & medical services	655,629,442	829,275,669
Paper, paper production & publications	2,317,795,897	2,731,212,075
Plastic & plastic materials	849,740,399	1,326,368,111
Storage	718,721,310	395,859,891
Glass & glass product	8,833	8,744
Agriculture	2,626,666,672	2,202,188,445
SME Loan	12,808,436,633	11,656,871,254
Credit Card	290,063,108	286,625,987
Consumer Loan	1,551,168,710	1,646,560,345
Loans to Brokerage House	1,681,007,785	4,751,006,300
Others	24,951,645,897	17,199,654,359
Total	138,554,538,138	126,338,834,275

7.7 Loan and advances allowed to each customer exceeding 10% of Bank's total capital

	Sep-16	Dec-15
Total loans and advances	38,085,657,000	31,909,488,000
No. of customers	28	27
Classified amount thereon	nil	nil
Measures taken for recovery	nil	nil

The amount represents the sum of total loan allowed to each customer exceeding @ 10% of Capital Fund.

7.8 Details of large loans and advances

Number of clients outstanding amount was classified to be large borrower whose sanctioned limit exceeding 10% of total capital of the Bank is 28. Total capital of the Bank was BDT 20,581.20 millon as at 30 June 2016.

SL #	Name of Clients	Out standing		Total	Branch
		Funded	Non-Funded (BDT)		
1	Azmal Group	536,312,000	928,039,000	1,464,351,000	Main
2	Hasan Flour Mill	-	1,940,144,000	1,940,144,000	Main
3	Natural Group	884,502,000	480,233,000	1,364,735,000	Main
4	Jamuna Group	2,647,639,000	1,997,713,000	4,645,352,000	Main
5	United Group	68,947,000	1,653,083,000	1,722,030,000	Main
6	Bashundhara Group	1,681,160,000	220,004,000	1,901,164,000	Main
7	Pioneer Group	543,064,000	647,293,000	1,190,357,000	Main
8	Creative Group	1,394,589,000	715,175,000	2,109,764,000	Main
9	Mercantile Bank Securities Ltd	1,681,008,000	-	1,681,008,000	Main
10	Interstoff Group	1,068,188,000	956,669,000	2,024,857,000	Dhanmondi
11	Abul Khair Group	1,114,233,000	3,277,488,000	4,391,721,000	Agrabad
12	T.K. Group	162,570,000	1,327,715,000	1,490,285,000	Agrabad
13	Sanmar Hotels	3,101,234,000	44,736,000	3,145,970,000	Agrabad
14	Kabir Group	1,511,933,000	926,389,000	2,438,322,000	Agrabad
15	BSRM Group	1,065,085,000	1,373,406,000	2,438,491,000	Jubilee Road
16	Starlight Group	2,872,987,000	3,453,810,000	6,326,797,000	Mohakhali
17	Nitol Motors	531,985,000	209,869,000	741,854,000	Mohakhali
18	Rising Group	1,007,509,000	553,010,000	1,560,519,000	Banani
19	KDS Group	2,361,763,000	409,096,000	2,770,859,000	Khatungonj
20	S. Alam Group	1,744,320,000	2,325,106,000	4,069,426,000	Khatungonj
21	Deshbandhu Group	2,164,719,000	2,862,849,000	5,027,568,000	Motijheel
22	Pran RFL Group	1,979,508,000	1,245,443,000	3,224,951,000	Motijheel
23	Jamuna Industrial Agro	2,401,178,000	-	2,401,178,000	Rajshahi
24	Rokeya Group	1,162,127,000	-	1,162,127,000	Rajshahi
25	Sheema Group	1,002,212,000	919,961,000	1,922,173,000	O.R Nizam Road
26	Robin Group	812,143,000	481,713,000	1,293,856,000	Gulshan Bra
27	IFAD Group	1,282,377,000	25,300,000	1,307,677,000	Satmosjid Branch
28	Ananda Shipyard	1,302,366,000	856,136,000	2,158,502,000	Eng. Institution Br
	Total	38,085,658,000	29,830,380,000	67,916,038,000	

7.8.1 Loan and advances related with large loan restructuring

The bank has participated syndication loan of Jamuna Builders Limited with lead arranger of Janata Bank Limited. In addition, these loans have been restructured as large loan restructuring complied with BRPD circular # 04 dated January 29, 2015. Details are given below :

BDT in Lac

Nature of facility	Amount	Validity	Outstanding as on 30.09.2016	Total Provision kept	CL Status
Syndication Term Loan (Restructured)	5,111.35	30/06/2027	5,800.55	116.01	SMA

7.9 Loans & advances classified as per Bangladesh Bank circular

	Amount in BDT	
	Sep-16	Dec-15
Unclassified	132,792,737,138	120,088,060,275
Sub-standard	299,548,000	1,156,945,000
Doubtful	110,709,000	395,763,000
Bad Loss	5,341,544,000	4,698,066,000
	138,544,538,138	126,338,834,275

Details of loans and advances as follows: BDT in Thousand

Status of loans and advances	Sept-16		Dec-15	
	Mix %	Outstanding	Mix %	Outstanding
Unclassified loans and advances :				
Unclassified (including staff loan)	92.88%	128,689,580	92.96%	117,442,632
Special Mention Account	2.96%	4,103,145	2.09%	2,645,428
Total unclassified loans and advances :	95.84%	132,792,725	95.05%	120,088,060
Classified loans and advances :				
Sub-standard	0.22%	299,549	0.92%	1,156,945
Doubtful	0.08%	110,710	0.31%	395,763
Bad/loss	3.86%	5,351,554	3.72%	4,698,066
Total classified loans and advances :	4.16%	5,761,813	4.95%	6,250,774
Total loans and advances :	100%	138,554,538	100%	126,338,834

	Amount in BDT	
	Sep-16	Dec-15
7.9.1 Base for provision		
SMA	4,103,144,898	2,643,200,000
Base for provision		
Sub-standard	123,804,722	892,317,000
Doubtful	42,733,498	195,801,000
Bad Loss	2,694,542,206	2,275,356,000
	2,861,080,426	3,363,474,000

7.10 Nature wise loans & advances		
Continuous	41,635,108,679	37,312,636,236
Demand Loan	39,472,164,793	38,018,726,565
Term Loans up to 5 (five) years	53,450,231,033	50,286,136,127
Term Loans above 5 (five) years	3,249,850,483	24,789,804
Term Loans above 5 (five) years - Staff Loan	747,183,150	696,545,543
	138,554,538,138	126,338,834,275

7.11 Provision for loans and advances		
General provision (including SMA)	3,476,500,190	3,671,668,000
OBU	60,268,580	32,200,000
Specific provision (classified loans and advances)		
Sub-standard	24,761,000	178,000,000
Doubtful	21,366,500	97,564,000
Bad/ Loss	2,694,542,000	2,275,356,000
Total	6,277,438,270	6,254,788,000
Required provision for loans and advances	6,277,438,270	6,254,788,000
Total provision maintained (Note-12.5.1)	6,277,600,000	6,254,868,000
Excess/(short) provision	161,730	80,000

Provision for loans and advances:

BDT in Thousand

Status of loans and advances	Outstanding Amount (BDT)	Base for Provision	Provision rate (%)	Provision Amount (BDT)
Unclassified loans and advances :				
Unclassified (SMEF)	11,490,234	11,490,234	0.25%	28,725
Unclassified (other credit)	103,864,019	103,864,019	1%	3,238,816
Unclassified (OBU)	6,026,858	6,026,858	1%	60,269
Unclassified (HF, LP & BH/MBS/SDS against share)	2,612,812	2,612,812	2%	52,256
Unclassified (other than HF, LP & short term agri. Loan)	701,244	701,244	5%	35,062
Agriculture Loan	3,246,430	3,246,430	2.5%	81,161
Unclassified (staff loan)	747,983	747,983	0%	-
Special Mention Account	4,103,145	4,103,145	0.25% -5%	40,480
Total unclassified loans and advances :	132,792,725	132,792,725		3,536,769
Classified loans and advances :				
Sub - standard	299,549	123,805	20%	24,761
Doubtful	110,710	42,733	50%	21,367
Bad/ loss	5,351,554	2,694,542	100%	2,694,542
Total classified loans and advances ;	5,761,813	2,861,080		2,740,670
Total loans and advances ;	138,554,538	135,653,805		6,277,438

7.12 **Provision for off-balance sheet exposures**

Particulars of off-balance sheet exposures	Amount	Base for provision	Rate 1%	Amount (BDT)
Acceptances and endorsements less margin	27,612,290,016	27,612,290,016	276,122,900	-
Letter of guarantee less margin	8,119,182,294	8,119,182,294	81,191,823	-
Letter of credit less margin	28,267,286,960	28,267,286,960	282,672,870	-
Bills for collection	9,791,766,623	9,791,766,623	97,917,666	-
Other contingent liabilities(BLW)	2,388,143,241		-	-
Required provision on off-balance exp	76,178,669,134	73,790,525,893	737,905,259	-
Total Provision maintained				737,905,259
Excess/(short) provision				0

7.13 **Particulars of loans and advances**	Sep-16	Dec-15
	Amount in BDT	
i) Loans considered good in respect of which the Bank Company is fully secured	131,690,370,454	117,968,362,348
ii) Loans considered good for which the Bank holds no other Security than the debtors personal security	13,047,393	17,818,870
iii) Loans considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	341,324,141	1,405,333,514
iv) Loans adversely classified; provision not maintained there against	-	-
	132,044,741,988	119,391,514,732
v) Loans due by directors or executives of the Banking Company or any of them taken either separately or jointly with any other person (Staff Loan)	747,983,150	696,545,543
vi) Loans due by companies or firms in which the directors of the Bank Company are interested as directors, partners or managing agents or in case of private companies, as members.	-	-
	-	-

		Amount in BDT	
		Sep-16	Dec-15
vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Banking Company or any of them either separately or jointly with any other person (Staff Loan)	747,983,150	696,545,543
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or in the case of private companies, as members		
ix)	Due from other banking companies	-	-
x)	Total amount of classified advances on which interest is not credited to income	5,761,813,000	6,250,774,000
a.	**Movement of classified loans and advances**		
	Opening balance 01 January 2016	6,250,774,000	4,831,630,604
	Increase/(decrease) during the period	(488,961,000)	1,419,143,396
		5,761,813,000	6,250,774,000
b.	Amount of provision kept against loan classified as 'Bad/Loss' on the reporting date of Balance Sheet	2,694,542,000	2,275,356,000
c.	Interest creditable to the Interest Suspense Account	1,927,047,866	1,794,421,414
xi)	**Amount of written off loans**		
	Opening Balance	2,391,993,594	2,498,091,318
	Amount written off during the Period	-	3,162,240
	Amount Recovered / Adjustment	(3,850,353)	(109,259,964)
	Cumulative Balance	2,388,143,241	2,391,993,594
7.14	Listing of assets pledged as security/ collaterals		
	Nature of the secured assets:		
	Fixed assets	138,244,832,000	128,466,905,000
	Cash & quasi-cash	17,607,029,000	17,686,396,000
	Others	1,747,417,000	2,504,083,000
		157,599,278,000	148,657,384,000

		Amount in BDT	
		Sep-16	Dec-15
7.15	**Suits filed by the bank branch-wise details**		
	Main Branch	3,197,950,636	3,118,454,169
	Dhanmondi Branch	535,636,655	521,890,789
	Motijheel Branch	17,700,000	17,742,100
	Nayabazar Branch	156,510,589	51,519,619
	Kawran Bazar	223,249,622	170,801,482
	Rajshahi Branch	48,800,970	51,455,823
	Noagaon Branch	231,888,458	232,255,333
	Agrabad Branch	2,939,657,181	2,606,333,353
	Sylhet Branch	72,353,785	72,353,785
	Comilla Branch	38,438,670	38,400,000
	Khatungonj Branch	818,496,673	758,997,096
	Sapahar Branch	5,186,041	5,186,041
	Jublee Road Branch	6,902,326	6,902,326
	Banani Branch	1,110,390,109	1,109,117,684
	Uttara Branch	7,746,464	7,746,464
	O R Nizam Road Branch	562,612	562,612
	Madam Bibi Hat Branch	610,523,767	561,900,000
	Mogh Bazar Branch	9,136,525	9,136,525
	Faridgonj Branch	2,778,652	2,778,652
	Khulna Branch Branch	2,695,552	2,695,551
	Rangpur Branch Branch	12,085,364	12,085,363
	Sk.Mujib Road Branch	12,672,533	12,672,533
	Elephent Road Branch	7,342,880	7,342,880
	Mazar Road Branch	19,765,960	8,934,406
	Bijoy nagar Branch	42,644,374	42,644,374
	Sat masjid Road Branch	44,603,730	10,649,924
		10,175,720,128	9,440,558,884

7(a)	Consolidated loans and advances		
	Loans and advances		
	Mercantile Bank Limited.	127,262,287,403	117,680,020,620
	Mercantile Bank Securities Limited.	4,922,428,008	5,243,415,017
	Mercantile Exchange House (UK) Limited	-	-
		132,184,715,412	122,923,435,637
	Inter company transactions	(1,767,972,887)	(4,958,200,650)
		130,416,742,525	117,965,234,987
	Bills purchased and discounted		
	Mercantile Bank Limited.	11,292,250,735	8,658,813,655
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		11,292,250,735	8,658,813,655
	Inter company transaction	-	-
		11,292,250,735	8,658,813,655
	Total	141,708,993,260	126,624,048,642

	Amount in BDT	
	Sep-16	Dec-15

8. Fixed assets including premises, furniture and fixtures-at cost less accumulated depreciation (Annex-A)

	Sep-16	Dec-15
Freehold properties		
Land & land development	1,341,807,978	1,341,807,978
Building	676,567,531	691,218,628
Furniture & fixtures	477,129,114	480,182,082
Office equipment	691,671,615	753,700,910
Vehicles	43,923,893	56,033,431
Books	159,844	229,153
	3,231,259,975	3,323,172,182
Leasehold properties		
Vehicles	-	1,204,415
Automated Teller Machine (ATM)	-	1,417,599
	-	2,622,014
Total	3,231,259,975	3,325,794,196

8(a). Consolidated fixed assets including premises, furniture and fixtures

	Sep-16	Dec-15
Mercantile Bank Limited.	3,231,259,975	3,325,794,196
Mercantile Bank Securities Limited.	16,665,870	16,574,686
Mercantile Exchange House (UK) Limited	5,072,176	5,807,938
	3,252,998,022	3,348,176,820

Fixed assets of the Bank specially land & land development been revalued by a professional valuation firm M/s Jarip O Paridarshan. Gain arisen from such revaluation is duly accounted for in the year 2011.

9 Other assets

	Sep-16	Dec-15
Advance deposits	7,240,614	6,914,204
Stock of stationery	11,552,030	22,279,942
Suspense account (Note 9.1)	603,701,883	516,329,359
Stamps in hand	3,873,547	4,029,306
Advance rent	352,529,386	407,009,671
Adjusting account debit (Note 9.2)	1,062,353,984	931,016,808
Premium on bonds	-	4,703,843
Clearing adjustment account	1,888,120	94,832
Mercantile Exchange House (UK) Limited.	35,078,403	39,966,960
Mercantile Bank Off-Shore Banking Unit (OBU)	5,249,943,924	2,637,915,255
Mercantile Bank general account	54,138,858	109,785,486
	7,382,298,748	4,680,045,666
Intra company transaction (OBU)	(6,026,857,104)	(3,222,200,747)
	1,355,441,644	1,457,844,919

9.1 Suspense accounts

	Sep-16	Dec-15
Advance against TA/DA	448,000	10,000
Advance against mobile banking	349,676	349,676
Advance against new branches	-	-
Encashment of PSP/BSP	214,025,955	152,766,600
Others	388,878,252	363,203,083
	603,701,883	516,329,359

9.2 Adjusting account debit

	Sep-16	Dec-15
Accrued interest	942,502,003	845,399,674
Other accruals (Note - 9.2.1)	119,851,981	85,617,134
	1,062,353,984	931,016,808

	Amount in BDT	
	Sep-16	Dec-15

9.2.1 Other accruals

	Sep-16	Dec-15
Prepaid insurance premium	36,451,087	7,174,663
Prepaid expenditure others	77,327,116	32,539,557
Fees receivable	-	2,119,500
Discount receivable	1,173,974	34,293,703
Protested bills	1,212,086	334,562
Other receivables	3,687,718	9,155,149
	119,851,981	85,617,134

9.3 Mercantile Bank General Account

Mercantile Bank General Account represents outstanding inter-branch and Head Office transactions (Net) originated but yet to be responded by the Balance Sheet date. However, the un-respondent entries of 30 September 2016 (position on 13 Oct' 2016) are given below:

Particulars	No of entries	Amount	No of entries	No of entries
	Dr.		Cr.	
Up to 3 months	291	29,236,000	10	124,981,000
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	291	29,236,000	10	124,981,000

9(a) Consolidated other assets

	Sep-16	Dec-15
Mercantile Bank Limited.	1,355,441,644	1,457,844,919
Mercantile Bank Securities Limited.	172,254,299	163,585,106
Mercantile Exchange House (UK) Limited	5,512,999	2,155,662
	1,533,208,942	1,623,585,687

10. Borrowings from other banks, financial institutions and agents

	Sep-16	Dec-15
Inside Bangladesh - Interest bearing		
Other Borrowings		
Bangladesh Bank Refinance	708,642,930	524,263,255
Other Bank Borrowings	7,200,000,000	-
Off-shore Banking Unit	5,997,412,860	3,250,785,636
	13,906,055,790	3,775,048,891
Inter company transaction	(6,026,857,104)	(3,222,200,747)
	7,879,198,686	552,848,144
Outside Bangladesh	-	-
	7,879,198,686	552,848,144

10.1 Security wise grouping

	Sep-16	Dec-15
Secured borrowings	708,642,930	524,263,255
Unsecured borrowings	-	28,584,889
	708,642,930	552,848,144

10.2 Nature of repayment

	Sep-16	Dec-15
Repayable on demand	-	28,584,889
Others	708,642,930	524,263,255
	708,642,930	552,848,144

10.3 Maturity grouping of borrowings from other banks, financial institutions and agents

	Sep-16	Dec-15
Up to 1 (one) month	-	28,584,889
Over 1 (one) month but not more than 3 (three) months	-	-
Over 3 (three) months but not more than 1 (one) year	708,642,930	524,263,255
Over 1 (one) year but not more than 5 (five) years	-	-
Over 5 (five) years	-	-
	708,642,930	552,848,144

		Amount in BDT	
		Sep-16	Dec-15
10(a)	**Consolidated borrowings from other banks, financial institutions**		
	Inside Bangladesh		
	Mercantile Bank Limited.	7,879,198,686	552,848,144
	Mercantile Bank Securities Limited.	1,732,422,691	4,917,819,088
	Mercantile Exchange House (UK) Limited	35,550,196	40,381,562
		9,647,171,573	5,511,048,794
	Outside Bangladesh		
	Mercantile Bank Limited.	-	-
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		-	-
		9,647,171,573	5,511,048,794
	Inter company transaction	(1,767,972,887)	(4,958,200,650)
		7,879,198,686	552,848,144
11.	**Deposits and other accounts**		
	A. Deposits received from Banks (Note- A-1)	-	-
	B. Other than Bank	**155,201,494,488**	**147,816,283,651**
	Payable on demand (Note- B-1)	23,895,738,140	18,483,625,640
	Time Deposits (Note - B-2)	131,305,756,349	129,332,658,011
		155,201,494,488	147,816,283,651
	Maturity Analysis (Deposits received from other than Banks)		
	Repayable on demand	25,958,654,521	13,859,456,578
	Repayable within 1 (one) month	20,951,456,852	25,598,789,456
	Repayable over 1 (one) month but within 3 (three) months	31,875,156,354	24,579,654,750
	Repayable over 3 (three) months but within 1 (one) year	29,751,462,540	27,589,003,552
	Repayable over 1 (one) year but within 5 (five) years	34,258,745,965	30,624,589,753
	Repayable over 5 (five) years but within 10 (ten) years	12,406,018,256	25,563,510,085
	Unclaimed deposits 10 (ten) years and above		1,279,477
		155,201,494,488	147,816,283,651
A-1	Deposits received from Banks	-	-
		-	-
	Maturity wise grouping		
	Repayable within 1 (one) month	-	-
	Repayable over 1 (one) month but within 3 (three) months	-	-
	Repayable over 3 (three) months but within 1 (one) year	-	-
	Repayable over 1 (one) year but within 5 (five) years	-	-
	Repayable over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed deposits 10 (ten) years and above	-	-
		-	-

	Amount in BDT	
	Sep-16	Dec-15
B-1 Payable on demand		
Current deposits	8,335,246,018	6,949,750,450
Saving deposits (9%) - (Note 11.3)	1,426,295,865	1,146,579,472
Foreign currency deposits (non interest bearing)	1,210,457,722	1,006,195,405
Security deposit receipt	20,769,974	7,958,083
Bills payable (Note-11.2)	2,116,314,845	1,634,654,462
Sundry deposits (Note - 11.6)	5,594,848,826	3,388,786,057
Foreign currency held against Back to Back L/C	5,191,804,890	4,349,701,711
	23,895,738,140	18,483,625,640
B- 2 Time deposits		
Saving deposits (91%) - (Note-11.3)	14,421,435,964	11,593,192,443
Fixed deposits (Note-11.4)	37,303,807,580	42,028,786,930
Special Notice deposits	15,484,291,929	14,703,963,192
Deposits under schemes (Note-11.5)	63,893,727,242	60,852,621,850
Non-resident taka deposit	131,979,655	106,622,770
Deposit under Q-cash	70,513,979	47,470,826
	131,305,756,349	129,332,658,011

11.1 Current accounts & other accounts

Current deposits	8,335,246,018	6,949,750,450
Special Notice deposits	15,484,291,929	14,703,963,192
Foreign currency deposits	1,210,457,722	1,006,195,405
Deposit under Q-cash & My Cash	70,513,979	47,470,826
Non-resident taka deposits	131,979,655	106,622,770
Security deposit receipt	20,769,974	7,958,083
Sundry deposit Note-11.6	5,594,848,826	3,388,786,057
Foreign currency held against Back to Back L/C	5,191,804,890	4,349,701,711
	36,039,912,993	30,560,448,494

11.2 Bills payable

Demand Draft	12,236,526	10,948,463
Pay Order /SDR	2,102,995,936	1,622,623,616
Pay Slip	1,082,383	1,082,383
	2,116,314,845	1,634,654,462

Maturity wise Grouping Bills Payable

Repayable within 1 (one) month	2,116,314,845	1,634,654,462
Repayable over 1 (one) month but within 3 (three) months	-	-
Repayable over 3 (three) months but within 1 (one) year	-	-
Repayable over 1 (one) year but within 5 (five) years	-	-
Repayable over 5 (five) years but within 10 (ten) years	-	-
Unclaimed deposits 10 (ten) years and above	-	-
	2,116,314,845	1,634,654,462

11.3 Savings Bank deposits

As per BRPD Circular No. 03 of 07 July 1997, total saving bank deposits amount is distributed into:

9% of total Savings Bank deposits (Demand deposits)	1,426,295,865	1,146,579,472
91% of total Savings Bank deposits (Time deposits)	14,421,435,964	11,593,192,443
	15,847,731,828	12,739,771,915

11.4 Fixed deposits

Customer deposits (Note-11.4.1)	37,303,807,580	42,028,786,930
	37,303,807,580	42,028,786,930

	Amount in BDT	
	Sep-16	Dec-15
11.4.1 Fixed Deposits - maturity wise Grouping		
Repayable within 1 (one) month	1,213,032,622	1,744,450,422
Repayable over 1 (one) month but within 3 (three) months	23,584,567,264	25,686,368,928
Repayable over 3 (three) months but within 1 (one) year	12,444,776,233	14,583,164,924
Repayable over 1 (one) year but within 5 (five) years	61,431,461	14,802,656
Repayable over 5 (five) years but within 10 (ten) years	-	-
Unclaimed deposits for 10 (ten) years and above	-	-
	37,303,807,580	42,028,786,930

11.5 Deposits under schemes		
Monthly Savings Scheme	37,392,228,960	36,840,931,072
Double Benefit Deposit Scheme	21,185,731,441	19,445,319,839
Family Maintenance Deposit Scheme	2,392,816,575	2,789,315,789
Special Savings Scheme	291,707,990	313,651,969
Pension and Family Support Scheme	238,232,262	251,486,308
Quarterly Benefit Deposit Scheme	54,850,000	56,200,000
One & Half Time Benefit Scheme	75,756,780	57,058,154
Super Benefit Scheme	2,258,630,556	1,095,735,908
Education Planning Deposit Scheme	3,772,678	2,922,811
	63,893,727,242	60,852,621,850

11.6 Details of sundry deposit		
Sundry Creditors	258,966,154	157,747,714
Withholding Tax - IT	133,526,016	147,210,837
Withholding Tax - Excise Duty	9,901,615	116,141,589
Withholding Tax - VAT	16,876,091	32,680,777
Margin on Letter of Guarantee	520,131,957	484,333,903
Margin on L/C	2,521,138,841	1,812,257,519
Margin on FDBP/IBP	4,000	230,573,129
Margin on Inward bill collection	38,964,439	7,479,772
Other Margin Account	4,075,744	4,029,294
Sale proceeds of PSP/BSP	139,705,000	67,225,015
Advance deposit against lease	23,709,100	22,450,200
Security deposit	8,370,417	7,958,065
Payable to employee welfare fund	410	20
Export bill agency commission	26,805,054	25,860,092
Export bill reserve margin	208,682,468	7,258,367
Other sundry deposit	1,683,991,519	265,579,744
	5,594,848,826	3,388,786,057

		Amount in BDT	
		Sep-16	Dec-15
11(a)	**Consolidated deposits and other accounts**		
11.1(a)	**Current and other accounts**		
	Deposits Received from Banks		
	Mercantile Bank Limited.	-	-
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		-	-
	Other than Bank		
	Mercantile Bank Limited.	36,039,912,993	30,560,448,494
	Mercantile Bank Securities Limited.	100,110,261	110,677,054
	Mercantile	-	-
		36,140,023,254	30,671,125,548
	Inter Company Transaction	(342,094,504)	(218,227,990)
		35,797,928,750	30,452,897,558
11.2(a)	**Bills Payable**		
	Mercantile Bank Limited.	2,116,314,845	1,634,654,462
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		2,116,314,845	1,634,654,462
	Maturity wise Grouping Bills Payable		
	Repayable within 1 (one) month	2,116,314,845	1,634,654,462
	Repayable over 1 (one) month but within 3 (three) months	-	-
	Repayable over 3 (three) months but within 1 (one) year	-	-
	Repayable over 1 (one) year but within 5 (five) years	-	-
	Repayable over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed Deposits 10 (ten) years and above	-	-
		2,116,314,845	1,634,654,462
11.2(b)	**Subordinated Bond**		
	BRAC Bank Ltd	1,000,000,000	1,000,000,000
	ONE Bank Ltd	500,000,000	500,000,000
	NRBC Bank Ltd	450,000,000	450,000,000
	Dhaka Bank Ltd	300,000,000	300,000,000
	NRB Bank Ltd	200,000,000	200,000,000
	Pubali Bank Ltd	100,000,000	100,000,000
	IDLC Finance Ltd	300,000,000	300,000,000
	United Finance Ltd	100,000,000	100,000,000
	National Life Insurance Company Ltd	50,000,000	50,000,000
		3,000,000,000	3,000,000,000

7 Years redeemable bond issued on 29 June,2014 which to be redeemed equally on redeemtion dates during the last 5(five) years of the tenure. Payment of Coupon payable on semi-annual basis.

		Sep-16	Dec-15
11.3(a)	**Savings Bank Deposits**		
	Mercantile Bank Limited.	15,847,731,828	12,739,771,915
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		15,847,731,828	12,739,771,915
11.4(a)	**Fixed Deposits**		
	Mercantile Bank Limited.	37,303,807,580	42,028,786,930
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		37,303,807,580	42,028,786,930
11.4.1(a)	**Fixed Deposits - Maturity wise Grouping**		
	Repayable within 1 (one) month	1,213,032,622	1,744,450,422
	Repayable over 1 (one) month but within 3 (three) months	23,584,567,264	25,686,368,928
	Repayable Over 3 (three) months but within 1 (one) year	12,444,776,233	14,583,164,924
	Repayable Over 1 (one) year but within 5 (five) years	61,431,461	14,802,656
	Repayable Over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed Deposits for 10 (ten) years and above	-	-
		37,303,807,580	42,028,786,930

		Amount In BDT	
		Sep-16	Dec-15
11.5(a)	**Deposits Under Schemes**		
	Mercantile Bank Limited.	63,893,727,242	60,852,621,850
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		63,893,727,242	60,852,621,850
12.	**Other liabilities**		
	Provision for Gratuity (Note-12.1)	200,000,000	-
	Provision for Fixed Assets (Note-12.2)	85,000,000	85,000,000
	Other Provision (Note-12.2.1)	334,562	334,562
	Provision for Off Balance Sheet Items (Note-12.3)	737,905,259	616,446,601
	Provision for Incentive Bonus	236,031,938	162,613,908
	Provision for Current Tax (Note-12.4.1)	174,490,763	(84,352,702)
	Provision for Deferred Tax (Note-12.4.2)	34,604,615	29,604,615
	Provision for Loans and Advances (Note-12.5.1)	6,277,600,000	6,254,868,000
	Adjusting Account Credit (Note-12.6)	2,170,836,306	2,033,501,313
	Interest Suspense Account (Note-12.7)	1,927,047,866	1,794,421,414
	Provision for Audit fees	-	690,000
	Foreign Currency held against EDF L/C	4,980,431,885	5,019,744,855
	Lease Payable (Note-12.8)	-	4,434,714
		16,824,283,195	15,917,307,280
12.1	**Provision for Gratuity**		
	Provision held at the beginning of year	-	-
	Provision made during the period	200,000,000	30,000,000
		200,000,000	30,000,000
	Transferred to savings Account for Gratuity	-	30,000,000
		200,000,000	-
12.2	**Provision for Fixed Assets**		
	Provision held at the beginning of the year	85,000,000	85,000,000
	Provision made during the period	-	-
		85,000,000	85,000,000

A Land is included under freehold properties- land (Note-8), located at Gulshan, Plot# 3, Block# CWN (C), Gulshan Avenue, Gulshan, Dhaka-1212, Municipality Holding# 105, Gulshan Avenue, Gulshan. Area of land is 1 bigha 2 chattaks purchased in the year 2005 for Bank's own use as per decision of the Board of Directors in its 73rd meeting held on 23 August 2005. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction.

Provision was made for land as per instruction of Bangladesh Bank vide letter no. DBI-1(vigilance) / 5050 (15)/ 2006-400, 20 March 2006.

		Amount in BDT	
		Sep-16	Dec-15
12.2.1	**Other Provision**		
	Protested Bill	334,562	334,562
	Other	-	-
		334,562	334,562
12.3	**Provision for Off Balance Sheet Items**		
	Provision held at the beginning of the year	616,446,601	583,004,896
	Provision made during the period	121,458,658	33,441,705
		737,905,259	616,446,601
12.3 (a)	**Consolidated current years provision for off-balance sheet**		
	Mercantile Bank Limited	121,458,658	33,441,705
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		121,458,658	33,441,705
12.3.1 (a)	**Consolidated current years other provision**		
	Mercantile Bank Limited	-	-
	Mercantile Bank Securities Limited	45,000,000	5,700,000
	Mercantile Exchange House (UK) Limited	-	-
		45,000,000	5,700,000
12.4	**Provision for Tax Including Deferred Tax**		
	Provision held at the beginning of the year	10,619,065,755	9,369,065,755
	Provision made during the period	1,395,000,000	1,255,214,809
	Deferred tax provision	5,000,000	(5,214,809)
	Total provision	12,019,065,755	10,619,065,755
	Tax paid during the period	(1,136,156,535)	(1,724,021,628)
		10,882,909,220	8,895,044,127
	Advance Tax Paid up to last Year	(10,673,813,842)	(8,949,792,214)
	Balance held at the end of the 3rd Quarter	209,095,378	(54,748,087)

Current tax liabilities for the current and prior periods have been measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date (BAS 12 "Income Taxes"; Para 46).

12.4.1	**Tax liabilities**		
	Provision held at the beginning of the year	10,589,461,140	9,334,246,331
	Provision made during the period	1,395,000,000	1,255,214,809
		11,984,461,140	10,589,461,140
	Advance tax paid	(11,809,970,377)	(10,673,813,842)
		174,490,763	(84,352,702)
12.4.2	**Deferred Tax liabilities**		
	Provision held at the beginning of the year	29,604,615	34,819,424
	Provision made during the Period	5,000,000	(5,214,809)
		34,604,615	29,604,615
12.4.1(a)	**Consolidated tax provision**		
	Mercantile Bank Limited.	1,395,000,000	1,255,214,809
	Mercantile Bank Securities Limited.		8,612,580
	Mercantile Exchange House (UK) Limited		184,592
		1,395,000,000	1,264,011,981
12.4.2(a)	**Consolidated deferred tax provision**		
	Mercantile Bank	5,000,000	(5,214,809)
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		5,000,000	(5,214,809)

		Amount in BDT	
		Sep-16	Dec-15
12.5	**Provision made for loans & advances including off-balance sheet items**		
	Provision against Un Classified Loans	(167,068,000)	1,156,383,000
	Provision against Classified Loans	186,076,500	102,644,980
	Other Provision (Off-Balance Sheet Items) (Note-12.3)	121,458,658	33,441,705
		140,467,158	1,292,469,685
12.5(a)	**Provision made for loans & advances including off-balance sheet items**		
	Mercantile Bank Limited.	140,467,158	1,292,469,685
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		140,467,158	1,292,469,685
12.5.1	**Provision for loans and advances**		
	Provision against Classified Loans (Specific Provision)	2,740,800,000	2,551,000,000
	Provision against Unclassified Loans (General Provision)	3,536,800,000	3,703,868,000
		6,277,600,000	6,254,868,000
	Movement of Provision against Classified Loans and Advances (Specific Provision)		
	Provision held at the beginning of the year	2,551,000,000	2,405,182,020
	Fully Provided Debts written off	-	-
	Recoveries of amounts previously written off	3,723,500	43,173,000
	Specific Provision for the year	-	-
	Recoveries and Provisions no longer required	-	-
	Net Charge to Profit and Loss Account	186,076,500	102,644,980
	Provision held at the end of the period	2,740,800,000	2,551,000,000
	Provision against Unclassified Loans		
	Provision held at the beginning of the year	3,703,868,000	2,547,485,000
	Adjustment during the period	-	-
	Addition during the period	(167,068,000)	1,156,383,000
		3,536,800,000	3,703,868,000
	Provision at the end of the year	6,277,600,000	6,254,868,000
12.5.1(a)	**Consolidated Provision for Loans and Advances**		
	Mercantile Bank Limited.	6,277,600,000	6,254,868,000
	Mercantile Bank Securities Limited.	45,000,000	5,700,000
	Mercantile Exchange House (UK) Limited	-	-
		6,322,600,000	6,260,568,000

		Amount in BDT	
		Sep-16	Dec-15
12.6	**Adjusting Account Credit**		
	Interest provision	1,922,656,073	1,879,831,498
	Other provision	248,180,233	153,669,815
		2,170,836,306	2,033,501,313
12.7	**Interest Suspense Account**		
	Opening balance	1,794,421,414	1,588,170,608
	Amount transferred during the period	352,789,000	316,104,806
		2,147,210,414	1,904,275,414
	Amount recovered and waiver during the period	220,162,548	109,284,000
	Amount written off during the period	-	570,000
		(220,162,548)	(109,854,000)
	Balance at the end of the period	1,927,047,866	1,794,421,414
12.8	**Obligation Under Finance Lease (Lease Payable)**		
	Lease rental payable within 1 year	4,434,714	12,599,686
	Above 1 year but within 5 years	(4,434,714)	(8,164,972)
	Total lease rental payable	-	4,434,714
	Finance charge payable	-	-
		-	4,434,714
12(a)	**Consolidated Other Liabilities**		
	Mercantile Bank Limited.	16,824,283,195	15,917,307,280
	Mercantile Bank Securities Limited.	1,079,186,642	1,023,918,625
	Mercantile Exchange House (UK) Limited	8,305,110	10,502,887
		17,911,774,947	16,951,728,792
13.	**Capital**		
	Authorized capital		
	1,200,000,000 Ordinary shares of BDT 10 each	12,000,000,000	12,000,000,000

13.1 Issued, Subscribed and Fully Paid-up Capital

Total 739,156,701 Ordinary shares (79,195,360 Ordinary shares during 2013) of BDT 10 each were issued, subscribed and fully paid up as at 31 Decmbember 2015.

Opening balance	7,391,567,010	7,391,567,010
Issued for cash	-	-
Right shares	-	-
Issued for other than cash (Bonus shares)	-	-
Closing balance	7,391,567,010	7,391,567,010
Issued for cash	245,000,000	245,000,000
IPO	319,765,000	319,765,000
Right shares	1,438,942,300	1,438,942,300
Bonus shares	5,387,859,710	5,387,859,710
	7,391,567,010	7,391,567,010

13(a)	**Consolidated Paid-up Capital**		
	Mercantile Bank Limited	7,391,567,010	7,391,567,010
	Mercantile Bank Securities Limited.	3,600,000,000	650,000,000
	Mercantile Exchange House (UK) Limited	105	118
		10,991,567,115	8,041,567,128
	Inter Company Transaction	(3,000,000,105)	(600,000,118)
		7,991,567,010	7,441,567,010

13.2 History of Paid-up capital

Accounting year	Declaration	No. of shares	Value in capital (BDT)	Cumulative (BDT)
1999	Initial	24,500,000	245,000,000	245,000,000
2000	Bonus	3,185,000	31,850,000	276,850,000
2001	Bonus	2,768,500	27,685,000	304,535,000
2002	Bonus	1,523,000	15,230,000	319,765,000
2003	IPO	31,976,500	319,765,000	639,530,000
2003	Bonus	15,988,250	159,882,500	799,412,500
2004	Bonus	19,985,310	199,853,100	999,265,600
2005	Bonus	19,985,310	199,853,100	1,199,118,700
2006	Bonus	29,977,960	299,779,600	1,498,898,300
2007	Bonus	29,977,960	299,779,600	1,798,677,900
2008	Bonus	35,973,550	359,735,500	2,158,413,400
2009	Bonus	47,485,090	474,850,900	2,633,264,300
2010	Right Share	143,894,230	1,438,942,300	4,072,206,600
2010	Bonus	89,588,540	895,885,400	4,968,092,000
2011	Bonus	114,266,116	1,142,661,160	6,110,753,160
2012	Bonus	48,886,025	488,860,250	6,599,613,410
2013	Bonus	79,195,360	791,953,600	7,391,567,010
2014	Bonus	-	-	7,391,567,010
Total		739,156,701	7,391,567,010	-

13.3 Particulars of Fully Paid-up Share Capital

	Sep-16 No. of Shares	Dec-15 No. of Shares	Sep-16 (%)	Dec-15 (%)
Sponsor	292,433,256	271,941,197	39.56%	36.79%
Financial Institutions	62,685,231	53,176,387	8.48%	7.19%
General Public	384,038,214	414,039,117	51.96%	56.02%
	739,156,701	739,156,701	100%	100%

13.4 Classification of Shareholders by Holding as on 30 September 2016

	No. of Share Holders	No. of Shares	(%) of Holding
1 to 499 Shares	8,535	1,561,778	0.21%
500 to 5,000 Shares	15,731	28,885,085	3.91%
5,001 to 10,000 Shares	2,469	17,680,095	2.39%
10,001 to 20,000 Shares	1,313	18,757,210	2.54%
20,001 to 30,000 Shares	383	9,498,314	1.29%
30,001 to 40,000 Shares	189	6,665,447	0.90%
40,001 to 50,000 Shares	137	6,327,780	0.86%
50,001 to 100,000 Shares	274	19,442,183	2.63%
100,001 to 1,000,000 Shares	272	85,164,746	11.52%
1,000,001 to 99999999 Shares	91	545,174,063	73.76%
	29,394	739,156,701	100.00%

13.5 Capital to Risk-weighted Asset Ratio (CRAR) - under BASEL - III

	Amount in BDT Sep-16	Dec-15
Tire-I Capital (Going-Concern Capital)		
a)Common Equity Tier-I (CET-I)		
Paid up Capital	7,391,567,010	7,391,567,010
Statutory Reserve	5,290,728,860	4,751,781,375
Retained Earnings	764,580,061	892,509,162
Dividend Equalization Fund	45,680,250	45,680,250
	13,492,556,181	13,081,537,797
Regulatory Adjustments from CET-I	(118,936,953)	(172,951,128)
	13,373,619,228	12,908,586,669
b) Additional Tier-I (AT-I)	-	-
Tier-I Capital (a+b)	13,373,619,228	12,908,586,669
Tier –II Capital (Gone-Concern Capital)		
General Provision	4,274,705,259	1,626,819,073
Revaluation Reserve for Fixed Assets (as on 31.12.2014)	321,805,978	321,805,978
Revaluation Reserve for Equity Investment	-	-
Subordinated bond	3,000,000,000	3,000,000,000
Revaluation Reserve for Securities (as on 31.12.2014)	223,908,457	223,908,457
	7,820,419,694	5,172,533,508
Regulatory Adjustments from Tier-II Capital	(218,285,774)	(109,142,887)
Tire-II Capital	7,602,133,920	5,063,390,621
A. Total Capital	20,975,753,148	17,971,977,290
B. Total Risk Weighted Assets (RWA)	163,458,204,729	151,438,724,706
C. Minimum Capital Requirement (MCR) [10% of RWA]	16,345,820,473	15,143,872,471
D. Surplus/ (Deficiency) (A - C)	4,629,932,675	2,828,104,819
Capital to Risk-Weighted Asset Ratio (CRAR)	12.83%	11.87%

Capital Requirement	Sep-16 % Required	% Held	Dec-15 % Required	% Required
Tire-I Capital (Going-Concern Capital)	Minimum 5.50%	6.03%	Minimum 5.50%	Minimum 5.50%
Capital Conservation Buffer		2.15%		3.03%
Tier –II Capital (Gone-Concern Capital)	Maximum 4.50%	4.65%	Maximum 4.50%	Maximum 3.34%
Total Capital	Minimum 10%	12.83%	Minimum 10%	Minimum 11.87%

	Amount in BDT	
	Sep-16	Dec-15

13.6 Capital to Risk-weighted Asset Ratio (CRAR)

There remains a surplus of BDT 3,384,993,957 on capital and reserve fund of the Bank as per requirement of section 13A of Bank Companies Act, 1991 and BRPD circular # 09, dated 31 December 2008 respectively details of which are placed below :

	Sep-16	Dec-15
(a) Minimum Capital Requirement (MCR) [10% of RWA]	16,345,820,473	15,143,872,471
(b) Actual Capital:	20,975,753,148	17,971,977,290
i) Tire-I Capital (Going-Concern Capital)	13,373,619,228	12,908,586,669
ii) Tier –II Capital (Gone-Concern Capital)	7,602,133,920	5,063,390,620
General Provision	4,274,705,259	1,626,819,073
Exchange Equalization Account	-	-
Revaluation Reserve for Fixed Assets	321,805,978	321,805,978
Revaluation Reserve for equity Investment	-	-
Subordinated bond	3,000,000,000	3,000,000,000
Revaluation Reserve for securities	223,908,457	223,908,457
Regulatory Adjustments from Tier-II Capital	(218,285,774)	(109,142,887)
Surplus/ (Deficiency) (b-a)	**4,629,932,675**	**2,828,104,819**

14. Statutory Reserve

	Sep-16	Dec-15
Opening balance	4,751,781,375	4,223,124,428
Transferred during the year from Profit & Loss Account	538,947,485	528,656,947
Closing balance	**5,290,728,860**	**4,751,781,375**

This has been made according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.

14(a) Consolidated Statutory Reserve

	Sep-16	Dec-15
Mercantile Bank Limited.	5,290,728,860	4,751,781,375
Mercantile Bank Securities Limited.	-	-
Mercantile Exchange House (UK) Limited	-	-
	5,290,728,860	**4,751,781,375**

15. Other reserves

A. Dividend Equalization Fund

	Sep-16	Dec-15
Opening balance	45,680,250	45,680,250
Addition during the period	-	-
Closing balance	**45,680,250**	**45,680,250**

B. Adjustment for Approved Securities HTM

The above amount represents the adjustment made of approved securities held for adjusting against Treasury Bond held for Statutory Liquidity Reserve Requirements (SLR).

	Sep-16	Dec-15
Opening balance	30,885,323	49,707,862
Last years adjustment	(30,460,700)	(18,822,539)
Adjustment during the period	-	-
Closing balance	**424,623**	**30,885,323**

C. Reserve from revaluation

	Sep-16	Dec-15
HFT securities	1,767,238,299	1,757,691,520
Revaluation Reserve for Fixed Assets	643,611,955	643,611,955
	2,410,850,254	**2,401,303,475**
Total other reserves (A+B+C)	**2,456,955,127**	**2,477,869,048**

	Amount in BDT	
	Sep-16	Dec-15
15(a) Consolidated other reserves		
Mercantile Bank Limited.	2,456,955,127	2,477,869,048
Mercantile Bank Securities Limited.	-	-
Mercantile Exchange House (UK) Limited	-	-
	2,456,955,127	2,477,869,048
16. Retained earnings/ movement of profit and loss account		
Opening balance	892,509,162	767,372,642
Transfer from Intl. Suspense	2,769,000	-
Cash dividend	(886,988,041)	(739,491,268)
Transfer from other Provision	500,000	-
Retained earnings	**8,790,121**	**27,881,374**
Profit before income tax	2,694,737,425	2,643,284,734
	2,703,527,546	**2,671,166,108**
Statutory reserve	538,947,485	528,656,947
	2,164,580,061	2,142,509,162
Provision for income tax	1,395,000,000	1,255,214,809
	769,580,061	887,294,353
Provision for deferred tax	5,000,000	(5,214,809)
Closing balance	764,580,061	892,509,162
16.1 Consolidated retained earnings last year		
Mercantile Bank Limited.	8,790,121	27,881,374
Mercantile Bank Securities Limited.	34,344,837	34,334,617
Mercantile Exchange House (UK) Limited	(26,569,589)	(39,674,053)
	16,565,369	22,541,938
16(a) Consolidated Surplus in Profit and Loss Account		
Mercantile Bank Limited.	764,580,061	892,509,162
Mercantile Bank Securities Limited.	38,208,264	31,702,926
Mercantile Exchange House (UK) Limited	(26,651,729)	(30,180,466)
	776,136,596	894,031,622
16(b) Non Controlling Interest		
Non controlling share capital	50,000,000	50,000,000
Share of profit	2,733,535	2,641,911
	52,733,535	52,641,911
16.A(1) Cash and cash equivalent		
Cash	12,597,138,744	13,225,470,762
Balance with other Banks and Financial Institutions	5,586,267,469	3,822,760,252
	18,183,406,213	17,048,231,014
16.A(2) Consolidated cash and cash equivalent		
Cash	12,600,640,235	13,226,236,073
Balance with other Banks and Financial Institutions	5,858,603,197	4,099,692,248
	18,459,243,432	17,325,928,321
17 Contingent liabilities		
17.1 Acceptance and endorsements		
Back to Back Bills	7,779,905,482	4,723,028,031
Back to Back Bills (EDF)	-	3,644,844,753
Banker's Liabilities PAD (DEF)	19,832,384,534	14,342,836,521
	27,612,290,016	22,710,709,305

		Amount in BDT	
		Sep-16	Dec-15
17.2	**Letter of guarantees**		
	Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
	Directors	-	-
	Government	5,177,822,050	5,115,956,390
	Bank and other Financial Institutions	409,389,850	897,943,946
	Others (Note-17.2.1)	2,531,970,394	1,668,213,691
		8,119,182,294	7,682,114,027
17.2.1	**Letter of guarantees others**		
	Local	2,523,054,394	1,666,453,691
	Foreign	8,916,000	1,760,000
		2,531,970,394	1,668,213,691
17.3	**Letter of credit**		
	Inland	2,095,966,110	6,486,632,735
	General	19,058,466,486	10,510,937,319
	Back to Back L/C	7,112,854,364	5,482,931,400
		28,267,286,960	22,480,501,454
17.4	**Bills for collection**		
	Outward Bills for Collection	2,619,728,062	2,839,789
	Outward Foreign Bills for Collection	7,172,038,561	5,593,864,365
	Outward Foreign Bills Lodge	-	3,174,631,128
		9,791,766,623	8,771,335,282
17.5	**Other contingent liabilities**		
	Banker's Liabilities (BLW)	2,388,143,241	2,391,993,594
		2,388,143,241	2,391,993,594

		Sep-16	Sep-15
18	Income Statement		
	Income:		
	Interest, discount and similar income	12,355,105,293	12,763,731,486
	Dividend income	72,494,653	18,655,004
	Fees, commission and brokerage	632,469,262	582,652,990
	Gain less losses arising from dealing securities	898,005,289	167,725,632
	Gain less losses arising from investment securities	2,257,626	1,076,365
	Gain less losses arising from dealing in foreign currencies	669,268,035	575,854,880
	Income from non-banking assets	1,750,709	186,500
	Other operating income	610,814,374	532,875,486
	Sub. Total	15,242,165,241	14,642,760,343
	Expenses:		
	Interest, fees and commission	8,059,679,345	8,833,533,703
	Administrative expenses	1,794,236,781	1,288,388,969
	Other operating expenses	2,324,650,506	1,577,432,406
	Depreciation on banking assets	228,394,026	162,774,780
	Sub. Total	12,406,960,658	11,862,129,858
	Operating profit before provision	2,835,204,583	2,780,630,485
19	**Interest income**		
	Interest from Banks & other Financial Institutions (Note-19.1)	204,870,006	105,587,306
	Interest from F.C. Clearing Account	67,916,836	25,713,691
	Interest from Loans and Advances (Note-19.2)	9,894,898,867	10,366,664,674
		10,167,685,709	10,497,965,671
19.1	**Interest received from Banks & other Financial Institutions**		
	Interest from money at call and short notice	43,555,097	58,852,639
	Interest from other Banks	159,576,250	40,407,578
	Interest from Reverse REPO	1,738,659	6,327,089
		204,870,006	105,587,306

		Amount In BDT Sep-16	Sep-15
19.2	**Interest from loans and advances**		
	Loan General	11,044,386	161,457,612
	Term Loan	2,590,538,619	2,379,416,033
	Time Loan	867,731,912	1,123,367,503
	Loan Against Trust Receipt	399,458,872	571,185,779
	Packing Credit	95,687,629	77,367,839
	Lease Finance	113,952,256	109,377,460
	Hire Purchase	526,079,690	634,557,127
	Payment Against Documents	45,813,976	45,389,976
	Cash Credit (Hypo)	1,025,573,680	1,183,371,811
	Overdraft	1,636,191,976	1,717,557,448
	Consumers Credit	115,828,761	116,488,850
	House Building Loan	272,339,898	309,836,953
	Staff Loan	27,864,031	24,043,787
	EDF Loan	114,723,825	62,268,504
	Bill Purchase and Discounted	609,960,690	532,245,059
	S M E	1,223,183,815	1,107,652,137
	Agricultural Credit	195,242,773	180,855,363
	Other Credit Schemes	640,143	399,774
	Personal Loan	23,041,934	29,825,659
		9,894,898,867	10,366,664,674
19(a)	**Consolidated Interest Income**		
	Mercantile Bank Limited.	10,167,685,709	10,497,965,671
	Mercantile Bank Securities Limited.	36,968,688	52,743,942
	Mercantile Exchange House (UK) Limited	-	-
		10,204,652,397	10,550,709,613
	Inter Company Transaction	-	(7,981,928)
		10,204,652,397	10,542,727,685
20	**Investment income**		
	Interest on Investments (Note-A)	2,187,419,583	2,265,748,223
	Income on Investment in Shares (Note-B)	74,752,279	19,731,369
		2,262,171,862	2,285,479,592
A	**Interest on Investments**		
	Interest on Treasury Bills	5,583,613	39,780,451
	Interest on Treasury Bonds	1,779,553,161	1,987,064,187
	Interest on Bangladesh Bank Bill	23,753,220	13,406,640
	Interest on Commercial Paper	63,936,806	16,479,167
	Interest on SWAP	49,500	-
	Interest on Subordinated Bond	314,543,283	209,017,778
	Interest on Zero Coupon Bond	-	-
		2,187,419,583	2,265,748,223
B	**Income on Investment in Shares**		
	Gain on sale of shares	2,257,626	1,076,365
	Dividend on shares	72,494,653	18,655,004
		74,752,279	19,731,369
20(a)	**Consolidated Investment Income**		
	Mercantile Bank Limited.	2,262,171,862	2,285,479,592
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		2,262,171,862	2,285,479,592
21	**Interest paid on deposits & borrowings etc.**		
	Interest on Deposits	7,588,000,528	8,606,852,319
	Interest on Refinance BB	15,123,612	11,764,296
	Interest on subordinated Bond	270,000,000	270,000,000
	Interest on Secondary Treasury Bill Purchased	39,377,401	14,615,178
	Interest on Borrowings	147,177,804	200,301,910
		8,059,679,345	9,103,533,703

		Amount in BDT	
		Sep-16	Sep-15
21(a)	**Consolidated Interest expenses**		
	Mercantile Bank Limited.	8,059,679,345	9,103,533,703
	Mercantile Bank Securities Limited.	-	7,981,929
	Mercantile Exchange House (UK) Limited	-	-
		8,059,679,345	9,111,515,632
	Inter Company Transaction	-	(7,981,929)
		8,059,679,345	9,103,533,703
22	**Commission, exchange & brokerage**		
	Commission	632,469,262	582,652,990
	Exchange (Note-22.1)	669,268,035	575,854,880
		1,301,737,297	1,158,507,870

Commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credits and letter of guarantees are credited to income at the time of effecting the transactions.

		Sep-16	Sep-15
22.1	Exchange		
	Gains arising from dealing securities	-	-
	Losses on dealing securities	-	-
	Gains arising from Investment securities	-	-
	Losses on investing in securities	-	-
	Gains arising from foreign trade business (including dealings)	669,268,035	575,909,386
	Losses on foreign trading	-	(54,506)
		669,268,035	575,854,880
22(a)	**Consolidated Commission, Exchange & Brokerage**		
	Mercantile Bank Limited.	1,301,737,297	1,158,507,870
	Mercantile Bank Securities Limited.	51,970,020	48,310,593
	Mercantile Exchange House (UK) Limited	11,303,882	8,826,749
		1,365,011,199	1,215,645,212
23	Other Operating Income		
	Charges on L/C	45,117,533	27,478,736
	Services & other Charges	235,865,073	188,211,565
	Income from rent of locker	4,674,647	2,734,460
	Telephone, telex and e-mail charges	8,000	963,236
	On Line client fees	38,473,889	46,684,697
	ATM card	25,073,518	18,529,672
	VISA card	64,316,614	55,357,366
	Co-brand services	776,383	899,715
	Discount	-	17,592
	Gain on sale / repo and status changes of securities	898,005,289	167,725,632
	Gain on sale on assets	1,750,709	188,500
	Miscellaneous earnings (Note-23.1)	196,508,718	192,016,019
		1,510,570,372	700,807,210
23.1	**Miscellaneous earnings**		
	Postage charge recovery	7,333,280	11,617,239
	SWIFT charge recovery	68,394,883	60,353,057
	Foreign correspondence charges	62,840,315	52,401,542
	Others	57,940,239	67,644,181
		196,508,718	192,016,019
23(a)	**Consolidated Other Operating Income**		
	Mercantile Bank Limited.	1,510,570,372	700,807,210
	Mercantile Bank Securities Limited.	19,149,657	3,514,139
	Mercantile Exchange House (UK) Limited	2,247,027	2,434,418
		1,531,967,056	706,755,767

		Sep-16	Sep-15
		Amount In BDT	
24	**Salaries and Allowances**		
	Basic salary	697,783,067	588,683,728
	Bonus (Festival and incentive)	378,258,290	128,826,957
	Bank's contribution to employees provident fund	63,959,931	56,541,514
	House rent allowances	262,014,949	223,808,813
	Conveyance allowance	43,295,782	32,795,704
	Medical allowance	61,169,509	125,377,536
	Utility Allowance	137,216,459	57,924,279
	House Maintain Allowance	137,776,385	58,762,066
	Overtime allowance	281,644	282,500
	Other allowances	389,720	3,892,616
		1,782,145,736	1,276,895,713
24(a)	**Consolidated Salaries and Allowances**		
	Mercantile Bank Limited.	1,782,145,736	1,276,895,713
	Mercantile Bank Securities Limited.	18,666,549	12,428,650
	Mercantile Exchange House (UK) Limited	5,044,371	5,059,012
		1,805,856,656	1,294,383,375
25	**Chief Executive's Salary and Allowances**		
	Salary	6,280,645	5,390,323
	Other allowances	2,250,000	4,049,028
		8,530,645	9,439,351
25(a)	**Consolidated Chief Executive's Salary and Allowances**		
	Mercantile Bank Limited.	8,530,645	9,439,351
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		8,530,645	9,439,351
26	**Directors' Fees**		
	Director fees	3,096,000	1,786,605
	VAT on director fees	464,400	267,300
		3,560,400	2,053,905
26(a)	**Consolidated Directors' Fees**		
	Mercantile Bank Limited.	3,560,400	2,053,905
	Mercantile Bank Securities Limited.	1,266,400	897,470
	Mercantile Exchange House (UK) Limited	-	-
		4,826,800	2,951,375
27	**Rent, Taxes, Insurance, Lightings etc**		
	Office rent	261,140,090	223,016,812
	Rates, taxes & excise duty and VAT on rent	28,233,088	20,953,587
	Insurance	110,374,853	90,369,438
	Lighting, gas & water	63,772,593	58,787,791
		463,520,624	393,127,628
27(a)	**Consolidated Rent, Taxes, Insurance, Lightings etc**		
	Mercantile Bank Limited.	463,520,624	393,127,628
	Mercantile Bank Securities Limited.	5,526,230	5,208,645
	Mercantile Exchange House (UK) Limited	3,281,257	4,663,542
		472,328,112	402,999,815
28	**Legal Expenses**		
	Legal fees & charges	2,595,679	2,706,120
	Stamps & notary public expenses registration fees	3,506,642	334,413
		6,102,321	3,040,533

	Amount in BDT	
	Sep-16	Sep-15
28(a) Consolidated Legal Expenses		
Mercantile Bank Limited.	6,102,321	3,040,533
Mercantile Bank Securities Limited.	396,989	-
Mercantile Exchange House (UK) Limited	-	-
	6,499,310	3,040,533
29 Stationary, Printing and Advertisements		
Printing & stationery	54,367,017	39,138,845
Advertisement	46,001,148	66,351,661
Computer expenses	45,933,538	40,288,950
	146,301,703	145,779,456
29(a) Consolidated Stationary, Printing and Advertisements		
Mercantile Bank Limited.	146,301,703	145,779,456
Mercantile Bank Securities Limited.	281,198	283,909
Mercantile Exchange House (UK) Limited	78,569	502,914
	146,661,470	146,566,279
30 Depreciation and Repair of Fixed Assets		
Depreciation on fixed assets (Note-30.1)	228,394,026	162,774,780
Repairs & Maintenance	55,441,424	34,714,553
	283,835,450	197,489,333
30.1 Depreciation on fixed assets (Annexure - A)		
Free hold property	225,772,053	159,277,803
Lease hold property	2,621,973	3,496,977
	228,394,026	162,774,780
30(a) Consolidated Depreciation and Repair of Fixed Assets		
Mercantile Bank Limited.	283,835,450	197,489,333
Mercantile Bank Securities Limited.	2,518,175	2,429,789
Mercantile Exchange House (UK) Limited	188,722	287,783
	286,542,346	200,206,905
31 Other Expenses		
Bank charges	2,732,651	2,841,035
Other charges	1,495,015	2,416,310
Donation	57,152,978	70,420,523
Car expenses	109,800,576	94,899,746
Discount & commission paid	-	1,910,284
Training expenses	7,981,687	11,081,319
Securities & cleaning	232,404,739	201,139,685
Subscription	2,750,800	2,686,499
Entertainment expenses	25,242,685	26,702,660
Travelling expenses	13,901,617	16,587,135
Conveyance, carriage & freight	6,460,917	6,710,545
Business development	18,246,941	17,190,629
Liveries & uniforms	297,690	3,342,270
Medical expenses	143,893	212,239
Newspapers and magazines	1,322,420	2,905,721
Cook servant	450,698	450,000
Interest expenses lease	641,841	3,127,112
Q-cash/ATM cards/VISA cards	20,140,216	30,296,543
House furnishing	6,760,696	5,902,496
Leave encashment & LFA	136,933,629	101,119,937

	Amount in BDT	
	Sep-16	Sep-15
Loss on sale of assets	10,751,119	8,149,020
Loss on sale of securities	54,764,379	2,408,270
Loss on Sale of Share	-	-
Loss on market adjustment (Securities)	651,967,472	9,275,568
Gratuity (Note-12.1)	200,000,000	-
Mobile banking	18,236,747	18,860,367
Credit Rating Fees	230,000	345,000
Professional Service Fees	-	3,841,190
Miscellaneous expenses (Note-31.1)	23,130,711	35,512,983
	1,605,942,115	680,334,086

31.1 Miscellaneous expenses

Laundry & cleaning	2,866,760	2,756,854
Photocopy	540,257	662,474
Cash carrying charge	7,795,894	7,828,984
Nursery	939,871	985,551
Cash incentive	3,464,170	1,557,008
Sundry expenses	7,523,759	21,722,112
	23,130,711	35,512,983

31(a) Consolidated Other Expenses

Mercantile Bank Limited	1,605,942,115	680,334,086
Mercantile Bank Securities Limited.	27,833,862	15,316,594
Mercantile Exchange House (UK) Limited	5,040,130	5,017,707
	1,638,816,107	700,668,387

32 Earnings per Share (EPS)

Net profit after tax	1,294,737,425	422,450,219
Number of Ordinary Shares outstanding in the year	739,156,701	739,156,701
Weighted average no. of share outstanding	739,156,701	739,156,701
Earnings per Share (EPS)	1.75	0.57

32(a) Consolidated Earnings per Share (EPS)

Consolidated net profit after tax	1,301,252,247	476,709,810
Weighted average no. of share outstanding	739,156,701	739,156,701
Consolidated Earnings per Share (EPS)	1.76	0.64

Note: EPS has been calculated in accordance with BAS 33 'Earnings per Share". Requirement of Loan Provision in September 2016 is lower compared to previous period of September 2015, which has had a significant impact on the EPS

33 Number of Employees

The number of employees engaged for the entire period who received a total remuneration of BDT 36000 or above were 2080.

Break - up of number of employees as per salary range wise

Range of Salary	No of employees
Tk. 0.00 to Tk. 20,000	0
Tk 20,001 to Tk. 50,000	820
Tk. 50,001 to Tk. 1,00,000	880
Tk. 100,001 to Tk. 2,00,000	358
Tk. 2,00,001 and above	24
Total	2080

34 **Related Party Disclosure**

34.1 Name of Directors and their interest in the Bank and different entities-shown in Annexure - B.

34.2 Significant contracts where Bank is a party and herein Directors have interest:

Nature of contract	Name of Director & related by	Remarks
Lease agreement with Mr. M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2006-3776 dated 22.11.2006
Lease agreement with Arena Industries Ltd. where Mrs. Tazneen Aman, Director of the said company	Mr. M. Amanullah Director of the Bank, Husband of Mrs. Tazneen Aman.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2006-3776 dated 22.11.2006
Lease agreement with Mr. Md. Shahabuddin Alam, Director of the Bank.	Mr. Md. Shahabuddin Alam, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2009-2706 dated 29.07.2009
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2009-4159 dated 10.11.2009
Lease agreement with Mr. M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2010-313 dated 31.01.2010
Lease agreement with Mr. Md. Baharul Ahsan, Brother of M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank, Brother of Md. Baharul Ahsan.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2010-1814 dated 06.05.2010
Lease agreement with Mr. Mohd. Selim, Director of the Bank.	Mr. Mohd. Selim, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-3260 dated 25.08.2011
Lease agreement with Mr. Alhaj Akram Hossain (Humayun) Director of the Bankof the Bank.	Mr. Alhaj Akram Hossain (Humayun) Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-3455 dated 25.09.2011
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Mr. Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-4574 dated 01.12.2011
Lease agreement with Mr. M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2010-3888 dated 20.10.2011
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Mr. Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-4574 dated 01.12.2011
Lease agreement with Mr. M. Amanullah , Director of the Bank.	Mr. M. Amanullah , Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2012-3497 dated 27.08.2012
Lease agreement with Mr. Md. Shahabuddin Alam, Director of the Bank.	Mr. Md. Shahabuddin Alam, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2013-1121 dated 24.10.2013
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Mr. Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2014-5723 dated 03.09.2014
Lease agreement with Mr. A.S.M. Feroz Alam, Director of the Bank.	Mr. A.S.M. Feroz Alam, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2014-7245 dated 10.12.2014

Lease agreement with Mr. M. Amanullah , Director of the Bank.	Mr. M. Amanullah , Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2014-3575 dated 11.06.2014
Lease agreement with Mrs. Begum Rounak Afza, Mother of A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)2010-1202, dated 31.03.2010.
Lease agreement with Mr. Shawket Reza, Brother of A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2012-2215 dated 28.05.2012.
Lease agreement with Mr. Morshed Alam M.P., Director of the Bank.	Mr. Morshed Alam M.P., Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2015-17268 dated 22.11.2015.

34.3 Shares issued to Directors & Executives without consideration or exercisable at discount: Nil

34.4 Related Party Transaction:

Transaction with related Party	Nature of transaction	
Mercantile Bank Securities Limited.	Loan (SOD)	1,671,006,300

34.5 Lending Policies to related Parties :

Lending to related parties is effected as requirements of Section 27 (1) of Bank Companies Act 1991

34.6 Loan and Advances to Directors and their related concern : Nil

34.7 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991 : Nil

34.8 Investments in the Securities of Directors and their related concern : Nil

35 **Reconciliation of Inter-Bank/Books of Accounts**

Books of Accounts with regards to Inter-bank (In Bangladesh and outside Bangladesh) are reconciled and there are no material differences, which may affect the financial statements significantly.

36 **LAND UNDER LITIGATION**

A Land is included under free hold properties - land (Note-8), located at Gulshan, Plot # 3, Block # CWN (C), Gulshan Avenue, Gulshan, Dhaka-1212, Municipality Holding # 105, Gulshan Avenue, Gulshan. Area of land is 1 bigha 2 chattaks purchased in the year 2005 for Bank's own use as per decision of the Board of Directors in its 73rd meeting held on August 23, 2005. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction (Note-12.2).

37 **STATEMENT OF LIQUIDITY**

The Liquidity Statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on March 31, 2016 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated June 25, 2003.

38 **RESTATEMENTS**

Wherever considered necessary, Previous year's figures have been rearranged for the purpose of comparison with current period's presentation without any impact on the profit and value of assets and liabilities as reported in the Financial Statements.

Company Secretary

SEVP and CFO

Managing Director and CEO

Director

Chairman

Consolidated Fixed Assets schedule as at 30 September 2016

Freehold Property

Particulars	Cost				Depreciation				Written down value at 30 Sept 2016
	Balance as on 01 January 2016	Additions/Revaluation during the Period	Sales during the Period	Balance as at 30 Sept 2016	Balance as on 01 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 30 Sept 2016	
Land	1,341,807,978	-	-	1,341,807,978	-	-	-	-	1,341,807,978
Building	787,603,844	-	-	787,603,844	96,385,217	14,651,096	-	111,036,313	676,567,531
Furniture & Fixtures	840,595,738	43,972,522	19,820,389.00	864,747,871	350,619,606	42,349,612	14,631,947.00	378,337,271	486,410,600
Office Equipment	1,385,507,421	82,800,188	7,772,492.00	1,460,535,117	619,217,938	142,809,998	5,620,995.00	756,406,941	704,128,176
Vehicles	138,088,303	15,872,740	5,114,400.00	148,846,643	82,054,871	27,982,277	5,114,398.00	104,922,750	43,923,893
Books	762,316	30,650	-	792,966	533,163	99,959	-	633,122	159,844
Total	4,494,365,600	142,676,100	32,707,281	4,604,334,419	1,148,810,795	227,892,942	25,367,340	1,351,336,397	3,252,998,022

Leasehold Property

Particulars	Cost				Depreciation				Written down value at 30 Sept 2016
	Balance as on 01 January 2016	Additions during the Period	Sales during the Period	Balance as at 30 Sept 2016	Balance as on 01 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 30 Sept 2016	
ATM	50,729,875	-	-	50,729,875	49,312,276	1,417,559	(40)	50,729,875	-
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-
Vehicles	10,323,595	-	-	10,323,595	9,119,180	1,204,415	-	10,323,595	-
Books	-	-	-	-	-	-	-	-	-
Total	61,053,470	-	-	61,053,470	58,431,456	2,621,974	(40)	61,053,470	-
Grand Total	4,555,419,070	142,676,100	32,707,281	4,665,387,889	1,207,242,251	230,514,916	25,367,300	1,412,389,867	3,252,998,022

Balance as at 31 Dec' 15	4,219,067,466	367,905,376	31,553,772	4,555,419,070	988,053,548	234,765,781	15,577,078	1,207,242,251	3,348,176,819

Annexure-A

Fixed Assets schedule as at 30 September 2016

Freehold Property

Particulars	Cost				Depreciation				Written down value at 30 Sept 2016
	Balance as on 01 January 2016	Additions/Revaluation during the Period	Sales during the Period	Balance as at 30 Sept 2016	Balance as on 01 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 30 Sept 2016	
Land	1,341,807,978	-	-	1,341,807,978	-	-	-	-	1,341,807,978
Building	787,603,844	-	-	787,603,844	96,385,217	14,651,096		111,036,313	676,567,531
Furniture & Fixtures	825,179,362	43,666,273	19,820,389	849,025,246	344,997,279	41,530,800	14,631,947	371,896,132	477,129,114
Office Equipment	1,363,942,648	80,894,364	7,772,492	1,437,064,520	610,241,738	141,507,921	6,356,754	745,392,905	691,671,615
Vehicles	137,448,225	15,872,741	5,114,400	148,206,566	81,414,794	27,982,277	5,114,398	104,282,673	43,923,893
Books	762,316	30,650		792,966	533,163	99,959		633,122	159,844
Total	**4,456,744,373**	**140,464,028**	**32,707,281**	**4,564,501,120**	**1,133,572,191**	**225,772,053**	**26,103,099**	**1,333,241,145**	**3,231,259,975**

Leasehold Property

Particulars	Cost				Depreciation				Written down value at 30 Sept 2016
	Balance as on 01 January 2016	Additions during the Period	Sales during the Period	Balance as at 30 Sept 2016	Balance as on 01 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 30 Sept 2016	
ATM	50,729,875	-	-	50,729,875	49,312,276	1,417,559	(40)	50,729,875	-
Furniture & Fixtures	-	-	-	-	-			-	-
Office Equipment	-	-	-	-	-			-	-
Vehicles	10,323,595	-	-	10,323,595	9,119,180	1,204,414		10,323,594	1
Books	-	-	-	-	-			-	-
Total	**61,053,470**	**-**	**-**	**61,053,470**	**58,431,456**	**2,621,973**	**(40)**	**61,053,469**	**1**
Grand Total	**4,517,797,843**	**140,464,028**	**32,707,281**	**4,625,554,590**	**1,192,003,647**	**228,394,026**	**26,103,059**	**1,394,294,614**	**3,231,259,976**

Balance as at 31 Dec' 15	**4,169,897,773**	**364,385,198**	**16,485,128**	**4,517,797,843**	**969,877,162**	**231,491,909**	**9,365,424**	**1,192,003,647**	**3,325,794,196**

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
01.	MR. M. S. AHSAN Road No-24 House No-16 Gulshan-01 Dhaka	Chairman	1,84,75,226	1,84,75,226	1. AG Agro Industries Ltd.	Chairman	70.00%
					2. AG Property Development Ltd.	Chairman	60.00%
					3. Regent Holdings Development Ltd.	Chairman	70.00%
					4. AG Hi-Teck Ltd.	Chairman	45.00%
					5. AG Limited.	Chairman	50.00%
					6. AG Ceramic Industries Ltd.	Chairman	70.00%
					7. AG Green Property Development Ltd.	Chairman	70.00%
					8. AG Fashions & Textile Ltd.	Chairman	40.00%
					9. AG Ship Breaking Industries.	Proprietor	100%
					10. M/S Friends Traders	Proprietor	100%
					11. R.N.S Corporation.	Proprietor	100%
					12. National Credit Ratings Ltd.	Sponsor Director	-
					13. Mercantile Bank Securities Ltd.	Sponsor Director	-
					14. Dhaka Bangla Channel (DBC)	MD	
					15. Pro.com ipay systems ltd.	Chairman	

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank 2016 September 30	No. of Shares held in Bank 2016 June 30	Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
1	2	3	4		5	6	7
02.	**MD. ANWARUL HAQUE** Apartment-4-A, House-45, Road-15/A, Dhanmondi R/A, Dhaka.	Director & Vice Chairman	1,66,61,652	1,66,61,652	1. Living Plus Ltd. 2. Global Insurance Ltd. 3. Premier Leasing & Finance Ltd. 4. Holiday Travels Ltd. 5. Premier Leasing Securities Ltd. 6. Securities Broking & Management Ltd 7. Mercantile Bank Securities Ltd	Managing Director Shareholder Sponsor Shareholder Director Director Director Chairman	32.00% 0.01% 0.02% 35.00% 0.40% - 0.30%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
03.	**A.K.M.SHAHEED REZA** Reza Group Road # 3, House # 8, Nikunja-1 Dhaka-1229	Director & Vice Chairman	3,90,48,992	3,90,48,992	1. Allure Apparels Ltd. 2. Fashion Plus Ltd. 3. Reza Fabrics Ltd. 4. Global Insurance Ltd. 5. Fashion Exports 6. Reza Fashions Ltd. 7. National Credit Ratings Ltd. 8. Mercantile Bank Securities Ltd. 9. Padma Bleaching & Dying Ltd. 10. Padma Weaving Ltd. 11. Padma Year Mills Ltd. 12. The Daily Observer 13. Bangla Radio FM 95.2	Chairman Chairman Chairman Shareholder Proprietor Chairman Vice Chairman Director Chairman Chairman Chairman Director Owner	40.00% 30.00% 25.00% 0.08% 100% 25.00% 7.00% - 25.00% 25.00% 25.00% 07.00% 100.00%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
04.	**MOHD. SELIM** 158-160 Motijheel C/A, Dhaka	Director & Chairman, Executive Committee	2,14,20,649	2,14,20,649	1. Synthia Securities Ltd 2. Sumon Cloth Store 3. Global Insurance Ltd. 4. Central Plaza	Chairman Proprietor Shareholder Proprietor	35.00% 100% 0.27% 100%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
05.	**DR. MAHMOOD OSMAN IMAM** Professor of Finance Department of Finance University of Dhaka Dhaka-1000	Chairman, Audit Committee & Independent Director	--	--	--		

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
06.	**MD. SHAHABUDDIN ALAM** S A Group of Industries Finlay House (3rd floor), Agrabad C/A, Chittagong.	Director & Chairman Risk Management Committee	1,48,20,172	1,48,20,172	1. S.A. Oil Refinery Ltd. 2. Samannaz Super Oil Ltd. 3. Laila Vanashpati Products Ltd. 4. Kamal Vegetable Oil Ltd. 5. Sharija Oil Refinery Limited. 6. South Eastern Oil Refinery Ltd. 7. Samannaz Dairy & Food Products Ltd.	Managing Director Managing Director Managing Director Managing Director Managing Director Chairman Managing Director	85.00% 50.00% 50.00% 75.00% 70.00% 50.00% 87.50%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
07.	**ALHAJ AKRAM HOSSAIN (HUMAYUN)** 2/C, Purana Paltan, Dhaka.	Director	1,60,42,750	1,60,42,750	1. Akram Traders 2. Fars Holding & Associates Ltd. 3. Fars Hotels & Resorts Ltd. 4. Shawon Tower 5. Akram Tower 6. Akram Center	Proprietor Managing Director Managing Director Proprietor Proprietor Proprietor	100% 25.00% 25.00% 100% 20.00% 100%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
08.	**MD. ABDUL HANNAN** 190 Arambag, Inner Circular Road, Dhaka	Director	1,68,98,828	1,68,98,828	1. Dabstar Associates Limited 2. Reu Fashion Limited 3. ZHAS Garments Limited 4. M.H. Trading 5. Murad Apparels Limited 6. Unnayan Engineers Ltd. 7. Unnayan Housing Ltd. 8. Logistic Suport Ltd 9. Global Insurance Ltd 10. Pan Pacific Hospital Ltd 11. Eastern University	Chairman Chairman Chairman Proprietor Chairman Proprietor Managing Director Director Shareholder Director Director	90.00% 50.00% 50.00% 100% 70.00% 100% 50.00% 30.00% 00.01% 5.00% -

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
09.	**MR. A. S. M. FEROZ ALAM** "ANKUR", House No.163, Road No.03,Block No. A, Abu Sayem Road, Bashundhara R/A Dhaka-1229	Director	2,31,41,233	2,31,41,233	1. Premier Leasing & Finance Ltd. 2. RTV (National Television Limited) 3. Bengal Trading Ltd.(Tokyo)	Sponsor Shareholder Director Managing Director	6.09% -- 100.00%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of Interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
10.	**M. AMANULLAH** House No.06, Road No. 80, Gulshan-2, Dhaka.	Director	222,00,000	222,00,000	1. Aman Spinning Mills Ltd. 2. Mousumi Enterprises Ltd. 3. Arena HRI Limited 4. Arena Securities Ltd. 5. Arena Industries Ltd. 6. Arena Consumer Products Ltd.	Chairman ,, ,, ,, ,, ,,	20.00% 50.00% 5.00% 10.00% 25.00% 25.00%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank 2016 September 30	No. of Shares held in Bank 2016 June 30	Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
1	2	3	4	4	5	6	7
11.	**MR. MORSHED ALAM, M.P** House No. 12/A, Road No. 63, Gulshan-2, Dhaka-1213.	Director	1,84,08,471	1,84,08,471	1. Bengal Windsor Thermoplastics Limited	Chairman	11.17%
					2. Bengal Media Corporation Limited	Chairman	18.00%
					3. Bengal Plastics Limited	Chairman	37.50%
					4. Bengal Poly and Paper Sack Ltd.	Chairman	08.19%
					5. Bengal Adhesive & Chemical Products Ltd.	Chairman	27.27%
					6. Bengal Flexipak Limited	Chairman	30.00%
					7. Bengal Polymer Wares Ltd.	Chairman	26.00%
					8. Bengal Plastic Pipes Ltd.	Chairman	20.00%
					9. Romania Food and Beverage Ltd.	Chairman	18.00%
					10. Power Utility Bangladesh Ltd.	Chairman	35.00%
					11. Bengal Concept and Holding Ltd.	Chairman	23.00 %
					12. Bengal Corrugated Carton Industries Ltd.	Chairman	36.36%
					13. Bengal Overseas Corporation Ltd.	Chairman	33.33%
					14. Hamilton Metal Corporation Ltd.	Chairman	42.00%
					15. Bengal Feed & Fisheries Ltd.	Chairman	39.97%
					16. Designer Jeans Ltd.	Chairman	30.95%
					17. Bengal Retails Limited	Chairman	15.00%
					18. Designer Fashion Ltd.	Chairman	25.00%
					19. Bengal Renewable Energy Ltd.	Chairman	15.00%
					20. National Life Insurance Co. Ltd.	Chairman	2.00%
					21. Desh General Insurance Co. Ltd.	Shareholder	9.79%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
12.	**ALHAJ MOSHARREF HOSSAIN** M.H.Traders, 30 Nawab Yusuf Road, Zinda Bahar 1st Lane, Dhaka.	Director	1,76,92,058	1,76,92,058	1. M/S M.H. Traders. 2. Toka Ink (BD) Ltd. 3. Eastern Paper House 4. Hossain Traders	Proprietor Director Partner Proprietor	100% 5.00% 50.00% 100%

Annexure-B

NAME OF DIRECTORS AND THEIR INTEREST IN THE BANK AND DIFFERENT ENTITIES

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested.
			2016 September 30	2016 June 30			
1	2	3	4		5	6	7
13.	**DR. MD. RAHMAT ULLAH** Provost Bunglow, Kabi Jasim Uddin Hall, Dhaka University Campus, Dhaka-1000	Independent Director	-	-	-	-	-

Annexure-C

MERCANTILE BANK LIMITED
Investment In Shares & Debentures-Bonds
Investment In Shares (Traded)
As on September 2016

Name of the Company	Type of Shares	Face Value	No of Shares	Avg. cost	Total cost	Close price 30.09.2016	Total market value as on 30.09.2016
AFTABAUTO	Quoted	10.00	200,000	72.93	14,586,015.27	50.80	10,160,000.00
ALARABANK	Quoted	10.00	76,257	27.20	2,074,410.00	14.70	1,120,977.90
BANKASIA	Quoted	10.00	421,141	23.82	10,029,927.75	18.70	7,875,338.70
BEXIMCO	Quoted	10.00	326,835	94.69	30,947,878.90	23.30	7,615,255.50
CITYBANK	Quoted	10.00	129,937	29.87	3,880,736.10	24.40	3,170,462.80
EASTLAND	Quoted	10.00	49,585	37.37	1,852,761.52	20.30	1,006,575.50
EBL	Quoted	10.00	116,437	44.36	5,164,616.16	29.40	3,423,247.80
IDLC	Quoted	10.00	18,852,538	7.26	136,887,000.00	62.20	1,172,627,863.60
IFIC	Quoted	10.00	45,916	22.20	1,019,348.60	18.80	863,220.80
ITCL	Quoted	10.00	1,000,000	10.00	10,000,000.00	49.30	49,300,000.00
LANKABAFIN	Quoted	10.00	291,518	80.62	23,501,701.59	33.50	9,765,853.00
Navana CNG	Quoted	10.00	31,464	110.88	3,488,725.66	44.70	1,406,440.80
NBL	Quoted	10.00	210,985	27.15	5,729,115.80	9.20	1,941,062.00
PRIMEFIN	Quoted	10.00	65,956	129.14	8,517,763.56	8.20	540,839.20
RAKCERAMIC	Quoted	10.00	100,526	129.13	12,980,620.47	58.70	5,900,876.20
SAIHAMCOT	Quoted	10.00	66,000	22.08	1,457,000.65	14.10	930,600.00
SALAMCRST	Quoted	10.00	40,000	38.67	1,546,662.00	26.70	1,068,000.00
SIBL	Quoted	10.00	173,250	22.33	3,868,612.80	15.80	2,737,350.00
SQURPHARMA	Quoted	10.00	30,000	141.71	4,251,263.13	268.60	8,058,000.00
SUMITPOWER	Quoted	10.00	1,835,994	47.39	86,999,885.08	32.10	58,935,407.40
TITASGAS	Quoted	10.00	58,500	80.46	4,706,629.35	48.00	2,808,000.00
UTTARABANK	Quoted	10.00	34,787	51.52	1,792,193.40	23.90	831,409.30
Total of Shares (a)					375,282,867.69		1,352,086,778.50
MBL1STMF	Quoted	10.00	20,000,000	10.00	200,000,000.00	7.00	140,000,000.00
Total of Mutual Fund (b)					200,000,000.00		140,000,000.00
Sub Total A (a+b)					575,282,867.69		1,492,086,778.50
B. Un-Listed Company							
Name of the Company	Type of	Face Value	No of Shares	Avg. cost	Total cost	Close price	Total market value
CDBL	Un-Quoted	10.00	1,142,362	4.50	5,138,890.00	4.50	5,138,890.00
SWIFT	Un-Quoted		-	-	5,218,706.36	-	5,218,706.36
Mercantile Bank Securities Ltd	Un-Quoted	10.00	355,000,000	10.00	3,550,000,000.00	10.00	3,550,000,000.00
MBL Exchange House UK.	Un-Quoted						
MSF Asset Mgt. Co, Ltd	Un-Quoted	10.00	200,000	10.00	2,000,000.00	10.00	2,000,000.00
Sub Total (B)					3,562,357,596.36		3,562,357,596.36
Grand Total (A+B)					4,137,640,464.05		5,054,444,374.86

Note: Total Investment in shares and debenture excludes investment in MBL Exchange House, Uk Ltd

Adjustment for Approved Securities HTM: **Annexure-D**

As on September 30, 2016

As per Bangladesh Bank's DOS Circular Letter # 5 dated May 26, 2008 all Government Securities holding by scheduled banks with effect from July 1, 2008 must be segregated into HTM (Held to Maturity) and HFT (Held for Trading). HTM securities are to be amortized at the end of each year and any increase/decrease due such amortization is to be adjusted in the changes in equity system. HFT securities are to revalued weekly as per Mark to Market method. Any increase/decrease due to such valuation (Mark to Market) can not be taken into Profit & Loss account untill sale or maturity rather the same is to be tranferred to Reserve for Revaluation Accounts .

(Amount in BDT)

Market Adjustment on Approved Securities HTM

Balance as on Januray 1, 2016	30,885,323
Less : Adjustment due to Bond Maturity	30,460,700
Add. Adjustment of Amortization of HTM secutrities	-
Balance as on September 30, 2016	**424,623**

Reserve for Revaluation (for HFT securities)

Balance as on January 1, 2016	1,569,826,172
Add adjustment during the year in Mark to market Method on Treasury Bonc	949,134,296
Add adjustment during the year in Mark to market Method on Treasury Bill	5,778,408
Less adjustment due to Maturity,sale & Repo Treasury Bond	757,500,578
Less adjustment due to Maturity,MTM, sale & Repo Treasury Bill	-
Balance as on September 30, 2016	**1,767,238,298**

(Market adjustment on Treasury Bond is reported as per DOS circular no.220 Dated. 08 December2010.)

Annexure-'E'

Mercantile Bank Limited
Offshore Banking Unit

Balance Sheet
As on September 30, 2016

	Notes	USD	Taka
Property and Assets:			
Cash:			
Cash in Hand			
Balance with Bangladesh Bank			
Balance With other Banks and Financial Institutions			
In Bangladesh	3	1,056,488.00	82,828,659
Outside Bangladesh			
Maoney at Call and Short Notice:			
Investments			
Loans and Advances:			
Loans, Cash Credit, Overdraft etc.			
Term Loans	4	2,912,885.01	228,370,185
Bills Purchased & Discounted		73,960,292.33	5,798,486,919
Fixed Assets Including Premises, furniture and Fixtures	5	3,012.19	236,155
Other Assets	6	336,638.25	26,392,439
Non-Banking Assets			
Total Assets:		**78,269,315.78**	**6,136,314,357**
Liabilities and Capital :			
Liabilities:			
Borrowings from Banks, Financial institutions and Agents			
Bangladesh Bank and Other Banks in Bangladesh	7	67,535,586.51	5,294,789,982
Outside Bangladesh		8,962,026.50	702,622,878
Deposit and Other Accounts:			
Current Deposits and Other Accounts	8	24.80	1,944
Fixed Deposits			
Other Liabilities	9	-	-
Total Liabilities		**76,497,637.81**	**5,997,414,804**
Capital/Shareholders' Equity:			
Retained Eamings carried forward from previous year			
Surplus in Profit & Loss Account		**1,771,677.97**	**138,899,553**
Total Liabilities and Shareholders' Equity:		**78,269,315.78**	**6,136,314,357**

Mercantile Bank Limited
Offshore Banking Unit

Profit and Loss Account
For the Month of Septtember-2016

	Notes	USD	[redacted]	Taka
Interest Income	10	2,814,179.96		220,631,709
Less: Interest paid on Deposits, Borrowings etc.	11	1,001,464.31		78,514,802
Net Interest Income		**1,812,715.65**		**142,116,907**
Investment Income				
Commision, Exchange and Brokerage		-		-
Other Operating Income	12	21,814.16		1,710,230
Miscellaneous Earnings		1,534.64		120,316
Total Operating Income		**1,836,064.45**		**143,947,453**
Salary and Allowances	13	63,957.17		5,014,242
Rent, Taxes, Insurances, Electricity etc.				
Postage, Stamps, Telecommunication etc.				
Depreciation and repair of Fixed Assets	14	429.31		33,658
Other Expenses				
Profit before Provision				
Provision against Classified Loans				
Provision against Unclassified Loans				
Other Provision				
Total Provision				
Total Profit before Taxes		1,771,677.97		138,899,553
Provision for Taxation				
Net Profit after Taxation		1,771,677.97		138,899,553

** Provisions would be calculated with central operation

*** Taxes would be calculated with central operation

USD 1.00 = BDT 78.4000

Mercantile Bank Limited
Off-shore Banking Unit

Notes to the Financial Statements
For the Month ended on September 30, 2016

1. Mercantile Bank Limited is operating two Off-shore Banking units as a separate business unit under the Rules and Guidelines of Bangladesh bank as per the permission vide letter no. BRPD(P-3)744(114)/2010-1743 dated 04/05/2010. The Bank commenced operation of these units from July 04, 2010 at its Gulshan, Dhaka and CEPZ, Chittagong Branches.

2. Significant Accounting Policy

Basis of Accounting:

The Unit maintains its accounting records in USD form which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BAS) and other applicable directives issued by Bangladesh Bank.

2.2 Common Expenses:

a. Establishment expenses have not been separately accounted for in the Financial Statements

b. Provision for taxation, loans & advances and Off-balance sheet items have not been separately accounted for in the Financial Statements

These are accounted for consolidation in the central accounts of Mercantile Bank Limited

		USD	BDT
3	**Balance with other Banks and Financial Institutions**		
	In Bangladesh	1,056,488.00	82,828,659
	Outsi		
		1,056,488.00	82,828,659
4	**Loans & Advances**		
	Loans, Cash credit and Overdraft etc.		
	Term Loans	2,912,885.01	228,370,185
	Bill purchased and Discounted (Local)	5,693,086.08	446,337,949
	Bill purchased and Discounted (Foreign)	68,267,206.25	5,352,148,970
		76,873,177.34	6,026,857,104
5	***Fixed Assets including Premises, Furniture and Fixtures***		
	Software	806.15	63,202
	Computer, Printer & Peripherals	1,602.52	125,637
	Furniture	603.52	47,316
		3,012.19	236,155

Mercantile Bank Limited
Off-shore Banking Unit

6	**Other Assets**		
	Interest Receivable	336,638.25	26,392.439
		336,638.25	**26,392,439**
7	**Borrowing from other Banks, Financial Institutions and Agents**		
	In Bangladesh		
	Head Office, ID	67,535,586.51	5,294,789,982
	Bangladesh bank		
	Outside Bangladesh	8,962,026.50	702,622,878
		76,497,613.01	**5,997,412,860**
8	**Deposit and Other Accounts:**		
	Current Deposit		
	Fixed Deposit		
	Foreign Currency Deposit FCAD (Gen)	24.80	1,944
		24.80	1,944
9	**Other Liabilities**		
	Accrued Interest		
	Payable to Head Office		
	Accumulated		
10	**Interest Income**		
	Interest on Advances	2,814,179.96	220,631,709
	Interest on Money at Call and Short Notice		
	Interest on fund placement with ID, HO		
	Interest on foreign Currency Balances		
		2,814,179.96	220,631,709
11	**Interest paid on Deposit, Borrowings etc.**		
	Interest on Deposit		
	Interest on Borrowings	1,001,464.31	78,514,802
	Discount		
	Interest on REPO		
		1,001,464.31	78,514,802
12	**Other Income**		
	Investment Income		
	Commission, Exchange Gain & Brokerage		
	Other Operating Income/Foreign Correspondence Charge	21,814.16	1,710,230
	Miscellaneous Earnings	1,534.64	120,316
		23,348.80	1,830,546

Mercantile Bank Limited
Off-shore Banking Unit

13	**Salary and Allowances, Rent, Taxes, Insurances, Electricity etc.**		
	Basic Salary	23,275.05	1,825,582
	House Rent	10,675.29	836,943
	Medical Allowances	2,244.74	175,988
	Conveyance Allowance	1,942.96	152,328
	Utility Services	5,162.57	404,745
	House Maintenance Allowances	5,162.57	404,745
	Leave Fare Assistance	5,032.76	394,568
	Car Allowance	1,846.97	144,000
	Provident Fund	2,327.50	182,476
	Bonus	6,238.48	489,097
	Traveling Expenses	-	-
	Telephone Bill	44.84	3,500
	Periodicals, Newspaper &Magazine	3.44	270
		63,957.17	5,014,242
14	**Free Hold Properties-Depreciation and repair of Fixed Assets**		
	Computer	194.77	15,270
	Software	201.54	15,801
	Furniture	33.00	2,587
		429.31	33,658

Provision will be calculated with the central accounts
Taxes are computed with the central operation
Assets and liabilities have been converted into BDT @ USD1.00 = BDT 78.4000
Depreciation has been charged @20% on Office Equipments & Machineries and @10% p.a. on Fixtures and furniture.

Annexure-F'

Mercantile Bank Securities Limited
Statement of Financial Position
As at September 30, 2016

	Notes	Sep-16 Taka	Dec-15 Taka
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	16,665,870	16,574,686
Investment in Share with TREC:			
Dhaka Stock Exchange Ltd.		650,000,000	650,000,000
Chittagong Stock Exchange Ltd.		180,000,000	180,000,000
		830,000,000	830,000,000
Total Non-Current Assets		846,665,870	846,574,686
Current Assets			
Receivable from Client	4	4,922,428,008	5,243,415,017
Receivable from DSE & CSE		5,175,666	4,287,377
Advance, Deposit & Prepayment	5	93,749,820	93,595,067
Advance Income Tax	6	73,328,812	65,702,662
Cash and Bank Balances	7	511,313,218	316,184,795
Investment in FDR (short-term)	8	100,000,000	167,000,000
Total Current Assets		5,705,995,525	5,890,184,918
Total Assets		6,552,661,395	6,736,759,604
EQUITY AND LIABILITIES			
Share Capital		3,600,000,000	650,000,000
Retained Earnings		40,941,799	34,344,837
Total Equity		3,640,941,799	684,344,837
Non-Current Liabilities			
Borrowing from Banks	9	1,671,006,300	4,750,988,250
ICB Pronodona Fund		61,416,391	166,830,838
Total Non-Current Liabilities		1,732,422,691	4,917,819,088
Current Liabilities			
Payable to Clients	10	100,110,261	110,677,054
Other Liabilities	11	1,032,112,773	982,029,120
Payable to DSE		5,184,366	-
Provision for Tax	12	41,889,505	41,889,505
Total Current Liabilities		1,179,296,905	1,134,595,679
Total Liabilities		2,911,719,596	6,052,414,767
Total Equity and Liabilities		6,552,661,395	6,736,759,604

The annexed notes form an integral part of these financial statements

Chief Executive Officer | Vice Chairman | Chairman

Signed in terms of our report of even date annexed

Dhaka Bangladesh
Date :

Mercantile Bank Securities Limited

Statement of Comprehensive Income

For the period ended September 30, 2016

	Notes	Sep-16 Taka	Sep-15 Taka
Operating Income	13	95,618,565	101,455,231
Less: Operating Expenses	14	23,803,677	21,484,898
Gross Profit		71,814,888	79,970,334
Less: Administrative and General Expenses	15	32,685,725	24,474,612
Operating Profit		39,129,162	55,495,722
Add: Other Income	16	12,467,800	3,113,441
Profit Before Provision		51,596,962	58,609,163
Less: Provision for Margin Loan		45,000,000	-
Profit Before Tax		6,596,962	58,609,163
Less: Provision for Tax		-	-
Net Profit After Tax		6,596,962	58,609,163

The annexed notes form an integral part of these financial statements

Chief Executive Officer

Vice Chairman

Chairman

Signed in terms of our report of even date annexed

Dhaka, Bangladesh

Date:

Mercantile Bank Securities Limited
Statement of Changes in Equity
For the period ended September 30, 2016

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total
Balance as at 01 January 2016	650,000,000	34,344,837	684,344,837
Raise of Share Capital	2,950,000,000	-	2,950,000,000
Net profit for the period	-	6,596,962	6,596,962
Balance as at 30 September, 2016	**3,600,000,000**	**40,941,799**	**3,640,941,799**

Balance as at 01 January 2015	650,000,000	34,334,617	684,334,617
Net profit for the year	-	10,220	10,220
Balance as at 31 December, 2015	650,000,000	34,344,837	684,344,837

Chief Executive Officer | Vice Chairman | Chairman

Signed in terms of our report of even date annexed

Dhaka Bangladesh
Date:

1043

Mercantile Bank Securities Limited

Statement of Cash Flows

For the period ended September 30, 2016

	Sep-16 Taka	Sep-15 Taka
A. Cash flows from operating activities:		
Net Profit Before Tax		
Adjustment for :	6,596,962	58,609,163
Prior year's adjustment		
Depreciation	-	-
Loss on Sale of Property, Plant & Equipment	2,120,889	1,759,876
Cash generated from operating activities before changes in operating assets and liabilities	-	5,187,079
	8,717,851	65,556,118
Increase / (Decrease) in Operating Liabilities		
Payable to clients		
Other liabilities	(10,566,794)	20,628,665
Payable to DSE	50,083,653	902,778,135
	5,184,366	-
(Increase) / Decrease in Operating Assets		
Receivable from DSE		
Receivable from client	(888,290)	5,380,958
Advance Income Tax	320,987,009	(482,868,644)
Advance, Deposit & Prepayment	(7,626,150)	(11,118,388)
	(154,753)	(4,933,204)
Net cash used in Operating activities	357,019,041	429,867,522
	365,736,892	495,423,641
B. Cash flows from Investing activities:		
Purchase of Property, Plant & Equipment		
Disposal of Property, Plant & Equipment	(2,212,073)	(1,919,895)
Investment in FDR (short term)	-	5,187,079
Raise of Share capital	67,000,000	-
	2,950,000,000	
Net cash used in Investing activities	3,014,787,927	3,267,184
C. Cash flows from Financing activities:		
Proceeds/(Payments) from Long Term Borrowing		
Proceeds/(Payments) of ICB Pronodona Fund	(3,079,981,950)	(245,263,105)
	(105,414,447)	-
Net cash flow from financing activities	(3,185,396,397)	(245,263,105)
Net surplus / (deficit) in cash & bank balance for the year (A+B+C)	195,128,422	253,427,720
Cash & Bank Balance at the beginning of the period	316,184,795	62,757,075
Cash & Bank Balance at the end of the period (*)	511,313,218	316,184,795
(*) Cash & Bank Balance :		
Cash in Hand		
Cash at Bank	202,537	139,634
	511,110,681	316,045,161
	511,313,218	316,184,795

Chief Executive Officer   Vice Chairman   Chairman

Signed in terms of our report of even date annexed

Dhaka Bangladesh
Date :

Mercantile Bank Securities Limited

Notes to the Financial Statements

For the period ended September 30, 2016

1.0 Background Information:

Marcantile Bank Securities Limited was established on 27 June 2010 to facilitate development of sound capital market and to provide higher, better and diversified services to a wide range of customer. MBSL is offering high quality products and services at a competitive rate.

Marcantile Bank Securities Limited offers full-fledged international standard brokerage service with margin loan facility. MBSL is also a full service Depository Participant (DP) of central Depository Bangladesh Limited (CDBL). The brokerage service is designed to provide customer with necessary support and profitability in the stock market. The company obtained DSE Membership on 04 september 2011 and CSE Membership on 25 september 2011 and started it's operation on 14 september 2011.

2.0 Significant Accounting Policies:

2.1 Basis of Accounting

The financial statements of the Marcantile Bank Securities Limited have been prepared applying accrual basis of accunting under the historical cost convention in accordance with Bangladesh Financial Reporting Standards.

2.2 Property, Plant & Equipment and Depreciation

Fixed assets are recorded at cost and have limited useful lives (except land). All expenses incurred for the purpose of acquiring, installing and bringing the fixed assets into its present location for intended use have to be capitalized and included in the cost of the fixed assets.

Depriciation is charged on Fixed Assets at the following rates on the Straight Line Method From date of acquisition.

Name Of Assets	Rate of Depreciation	Method
Office Equipment &Machinaries	20%	Straight line
Furniture & Fixtures	10%	Straight line

2.3 Revenue Recognition:

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the company.Revenue during the year are recognised as follows:

(i) Brokerage commission is recognised as income when selling or buying order is executed;

(ii) Interest income on STD account is recognised when respective banks credited the interest to the company's account

(iii) Interest income from margin loan is calculated quarterly.

2.4 General

(i) Figures appearing in these accounts have been rounded off to the nearest Taka.

(ii) Previous year's figures have been re-arranged where necessary to conform to current year's financial presentation.

		Sep-16 Taka	Dec-15 Taka
3.	**Property, Plant and Equipment**		
	A. Cost		
	Opening balance	30,885,853	42,434,320
	Add: Addition during the period	2,212,073	3,520,177
		33,097,926	45,954,497
	Less: Disposal during the year	-	15,068,644
		33,097,926	30,885,853
	B. Accumulated depreciation		
	Opening balance	14,311,167	17,536,309
	Add: Charged during the period	2,120,889	2,986,512
		16,432,056	20,522,821
	Less: Disposal during the year	-	6,211,654
		16,432,056	14,311,167
	C. Written Down Value (A-B)	16,665,870	16,574,686
	A schedule of Property, Plant and Equipment is given in Annexure-A.		
4.	**Receivable from clients**		
	General Client	725,017	25,563,600
	Margin Client	4,921,702,992	5,217,851,417
	Merchant Bank	-	-
		4,922,428,008	5,243,415,017
5.	**Advance, Deposit & Prepayment**		
	Advanced Rent	1,112,000	1,787,000
	Other Advance	2,224,550	1,754,000
	Prepaid Expenses (Furniture Allowance)	28,570	54,067
	Prepaid Expenses (Supplier)	10,000	-
	Investment in Dealer A/C	90,000,000	90,000,000
	Prepaid Expenses (LFA)	374,700	
		93,749,820	93,595,067
6.	**Advance Income Tax**		
	Opening Balance	65,702,662	54,498,349
	Add: Advance Tax paid for the year 2015-16	-	523,423
		65,702,662	55,021,772
	Add: Tax deducted at source during the period	6,876,465	8,612,580
		72,579,127	63,634,352
	Add: Tax deducted at source against bank interests and others	749,685	2,068,310
		73,328,812	65,702,662
7.	**Cash and Bank Balance**		
	Cash in Hand	202,537	139,634
	Cash at Bank (Note: 7.1)	511,110,681	316,045,161
		511,313,218	316,184,795

7.1 Cash at Bank

Name of Bank	Account No.	Sep-16 Taka	Dec-15 Taka
Mercantile Bank Ltd., Main Branch (Income Expenditure A/C)	0101-13100002230	249,863	618,239
Mercantile Bank Ltd., Main Branch (MBSL Cons. Cust. A/C, SND)	0101-13100002437	339,327,613	215,140,362
Mercantile Bank Ltd., Main Branch (Public Issue Application A/C)	0101-13100002558	2,517,027	2,469,389
One Bank Ltd., Principal Branch (SND A/C)	0013-000000616	169,016,176	97,817,171
		511,110,681	316,045,161

8. Investment in FDR (short-term)

	FDR No.	Sep-16 Taka	Dec-15 Taka
Reliance Finance Limited (3 Months @ 10.25%)	05/5812	-	33,500,000.00
Reliance Finance Limited (6 Months @ 10.75%)	05/5813	-	33,500,000.00
Reliance Finance Limited (1 Year @ 11.25%)	05/5811	100,000,000	100,000,000.00
		100,000,000	167,000,000

		Sep-16 Taka	Dec-15 Taka
9.	**Borrowing from Banks**		
	MBL Loan	1,671,006,300	4,750,988,250
		1,671,006,300	4,750,988,250
10.	**Payable to Clients**		
	General Client	72,428,377	85,273,214
	Margin Client	27,530,566	25,403,840
	Merchant Bank	151,317	-
		100,110,261	110,677,054
11.	**Other Liabilities**		
	Sundry Deposit	2,991,986	452,192
	Tax Payable	-	7,500
	VAT Payable	-	20,250
	Payable to CDBL	3,738,278	2,899,312
	Provision for Audit fee	25,000	25,000
	Provision for Margin Loan	50,700,000	5,700,000
	Interest Suspense A/C	972,779,849	972,411,873
	IPO Application Fees	6,040	6,040
	Other Provisions	1,871,621	506,954
		1,032,112,773	982,029,120
12.	**Provision for Tax**		
	Opening Balance	41,889,505	33,276,925
	Add: Provision made during the period (TDS)	-	8,612,580
	Closing Balance	41,889,505	41,889,505

		Sep-16 Taka	Sep-15 Taka
13.	**Operating Income**		
	Brokerage Commission DSE & CSE	51,970,020	48,310,593
	Account Opening Fee	98,600	125,000
	BO Account Maintenance Fees	588,500	-
	Interest on Margin Loan	36,966,688	52,743,942
	Account Closing Fee	70,372	26,373
	IPO Commission	25,085	12,482
	Dividend Income	5,772,085	-
	Cheque Dishonour Fees	29,500	-
	Interest Charge On Cash Client	97,715	236,843
		95,618,565	101,455,231
14.	**Operating Expenses**		
	Howla Charge DSE & CSE	4,280	5,384
	Laga Charge DSE & CSE	3,427,435	3,134,580
	CDBL Charges	2,694,019	2,167,501
	Directors Fee	1,266,400	897,470
	Bank Charges	48,654	16,829
	Interest on Bank Loan	-	7,981,929
	Depreciation	2,120,889	1,759,876
	Other Operating Expenses	985,394	334,250
	Loss on Disposal of Fixed Assets	-	5,187,079
	Expense of Authorised Capital (RJSC)	1,383,660	-
	Loss on Margin Interest Reverse	8,030,512	-
	Payment of TAX Liability	3,842,434	-
		23,803,677	21,484,898

	Sep-16 Taka	Sep-15 Taka
15. Administrative and General Expenses		
Salaries & Allowances (Note: 15.1)	19,820,666	13,129,751
Rent, Taxes, VAT, Insurances, Electricity etc.	5,526,230	5,195,145
Postage, Stamps, Telecommunication etc.	1,540,024	1,429,524
Printing & Stationery	281,198	283,909
Repairs and Maintenances	397,286	669,913
Security & Cleaner	1,848,200	1,631,790
Legal Fees	396,989	-
VAT Expenses	25,500	13,500
Miscellaneous	251,934	480,471
Refreshment	650,620	795,589
Utility Expenses	200,808	105,209
Fuel Costs	61,169	66,679
Travel Expenses	419,171	248,132
Other Professional Charge	-	425,000
Investor Awareness Program	1,200,000	-
PSSL Uniform	65,930	-
	32,685,725	24,474,612

	Sep-16 Taka	Sep-15 Taka
15.1 Salaries & Allowances		
Basic Salary	8,619,733	5,537,724
Consolidated Salary	560,000	64,000
Arrear Salary	36,841	-
Bonus	2,199,960	1,576,870
Car Allowances	405,000	225,000
House Rent	2,931,075	2,054,314
Conveyance Allowances	832,400	443,500
Medical Allowances	1,226,925	1,050,000
House Maintenance Allowances	537,400	543,000
Utilities Allowance	537,400	543,000
PF Contribution	779,815	391,242
Furniture Allowance	25,497	25,500
Leave Fare Assistance	1,128,620	675,601
	19,820,666	13,129,751

	Sep-16 Taka	Sep-15 Taka
16. Other Income		
Bank Interest	12,348,982	2,868,866
Miscellaneous Earnings	118,818	244,575
	12,467,800	3,113,441

Mercantile Bank Securities Limited

Schedule of Property, Plant and Equipment

As at September 30, 2016

Annexure- A

Particulars	Cost				Rate %	Depreciation				Written Down Value as on 30.09.2016
	Balance as on 01.01.2016	Addition during the Period	Adjustment/ Disposal	Balance as on 30.09.2016		Balance as on 01.01.2016	Charged During the Period	Adjustment/ Disposal during the year	Balance as on 30.09.2016	
Furniture & Fixture	15,416,377	306,249	-	15,722,626	10	5,622,327	818,812	-	6,441,139	9,281,488
Equipment & Machineries	15,469,476	1,905,824	-	17,375,300	20	8,688,840	1,302,077	-	9,990,917	7,384,383
As at 30 September, 2016	**30,885,854**	**2,212,073**	-	33,097,926		**14,311,167**	**2,120,889**	-	**16,432,056**	**16,665,870**
As at 31 December, 2015	**42,434,320**	**3,520,177**	15,068,644	30,885,853		17,536,310	**2,986,512**	**6,211,654**	**14,311,167**	**16,574,686**

Annexure-6

Mercantile Exchange House (UK) Ltd.
Profit & Loss Account
(From 01.01.2016 to 30.09.2016)

Particulars	Period			Total	Avg. Rate	BDT
	Jan-Mar 2016	Apr-Jun 2016	Jul-Sep 2016	Jan-Sep 2016	Tk/GBP	Amount in TK
	1	2	3	4 (1+2+3)	5	6 (4X5)
Income						
Turn Over (Remittance Comission & Gain)	£25,076.00	£32,384.00	£43,826.00	£101,286.00	111.6036	11,303,882.23
Other Income (Rental Income)	£6,306.00	£7,152.00	£6,676.00	£20,134.00	111.6036	2,247,026.88
Total Income	£31,382.00	£39,536.00	£50,502.00	£121,420.00	111.6036	13,550,909.11
Expenditure						
Administrative Expenses						
Accountancy Fees	£750.00	£750.00	£750.00	£2,250.00	111.6036	251,108.10
Advertisement	£0.00	£0.00	£1,391.00	£1,391.00	111.6036	155,240.61
Bank Charge & Comission	£9,037.00	£10,278.00	£12,777.00	£32,092.00	111.6036	3,581,582.73
Business Insurance	£227.00	£215.00	£709.00	£1,151.00	111.6036	128,455.74
Depriciation & Amortisation	£560.00	£569.00	£562.00	£1,691.00	111.6036	188,721.69
Fees & Subscription	£100.00	£180.00	£2,820.00	£3,100.00	111.6036	345,971.16
Rent, Rates & Insurance	£8,910.00	£10,243.00	£10,248.00	£29,401.00	111.6036	3,281,257.44
Repairs & Maintenance	£75.00	£1,156.00	£368.00	£1,599.00	111.6036	178,454.16
Salaries & Wages including NIC	£13,908.00	£16,282.00	£15,009.00	£45,199.00	111.6036	5,044,371.12
Staff Cost	£83.00	£78.00	£169.00	£330.00	111.6036	36,829.19
Staff Training	£270.00			£270.00	111.6036	30,132.97
Security Services	£115.00	£86.00	£58.00	£259.00	111.6036	28,905.33
Printing, Postage & Stationery	£164.00	£298.00	£242.00	£704.00	111.6036	78,568.93
Telephone, Fax & Internet	£242.00	£266.00	£262.00	£770.00	111.6036	85,934.77
Travel & Subsistance	£12.00			£12.00	111.6036	1,339.24
Water, Gas & Electricity	£598.00	£639.00	£700.00	£1,937.00	111.6036	216,176.17
Total Administrative Expenses	£35,051.00	£41,040.00	£46,065.00	£122,156.00	111.6036	13,633,049.36
Total Expenses	£35,051.00	£41,040.00	£46,065.00	£122,156.00	111.6036	13,633,049.36
Profit/(Loss)	-£3,669.00	-£1,504.00	£4,437.00	-£736.00	111.6036	(82,140.25)
Taxes on Profit on Ordinary Activities						-
Profit/(Loss) after Taxation	-£3,669.00	-£1,504.00	£4,437.00	-£736.00	111.6036	(82,140.25)

(Md. Shariful Islam)
First Assistant Vice President

(Md. Nurul Haque Gazi)
Senior Vice President & Head of NRB

(Md. Quamrul Islam Chowdhury)
Additional Managing Director & CBO

Note: As per IAS 21, Profit & Loss Account has been translated by Average Exchange rate for the period

Mercantile Exchange House (UK) Ltd.
Balance Sheet
(As on September 30, 2016)

	Note	1	Ex. Rate BDT/GBP	BDT
Fixed Assets				
Fixed Assets		£48,510.00	104.5594	5,072,176.49
Current Asset/Other Assets				
Rent Deposit		£9,900.00	104.5594	1,035,138.06
Cash in Transit		£42,826.00	104.5594	4,477,860.86
Cash at Bank & Cash in Hand	1	£63,299.00	104.5594	6,618,505.46
Total other Assets		**£116,025.00**	104.5594	**12,131,504.39**
Total Assets		**£164,535.00**	104.5594	**17,203,680.88**
Creditors/Liabilities				
Other Liabilities (Amount falling due wihin one year)		£79,380.00	104.5594	8,299,925.17
Capital & Reserves				
Called Up Share Capital		£1.00	104.5594	104.56
Borrowing from Mercantile Bank Ltd.		£340,000.00	104.5594	35,550,196.00
Retained Earnings	2	-£254,846.00		(26,651,729.38)
Exchange Difference				5,184.53
Total Liabialities		£164,535.00		17,203,680.88

(Md. Shariful Islam)
First Assistant Vice President

(Md. Nurul Haque Gazi)
Senior Vice President & Head of NRB

(Md. Quamrul Islam Chowdhury)
Additional Managing Director & CBO

Note: As per IAS 21, Balance Sheet has been translated by Exchange rate on that particular date.

Mercantile Exchange House (UK) Ltd.
Cash at Bank & Cash in Hand

Note: 1

Particulars	**Amount**	**BDT/GBP**	**BDT**
Cash at Bank	£31,748.00	104.5594	3,319,551.83
Cash in Hand	£31,551.00	104.5594	3,298,953.63
Cash at Bank & Cash in Hand	£63,299.00	104.5594	6,618,505.46

(Md. Shariful Islam)
First Assistant Vice President

(Md. Nurul Haque Gazi)
Senior Vice President & Head of NRB

(Md. Quamrul Islam Chowdhury)
Additional Managing Director & CBO

Mercantile Exchange House (UK) Ltd.
Retained Earnings for the Period

Note: 2

Particulars	Amount	BDT/GBP	BDT
Opening Balance as on January 01, 2016	-\$254,110.00	104.5594	(26,569,589.13)
Profit/(Loss) for the period from January to September 2016	-\$736.00	111.6036	(82,140.25)
Retained Earnings	-£254,846.00		(26,651,729.38)

(Md. Shariful Islam)
First Assistant Vice President

(Md. Nurul Haque Gazi)
Senior Vice President & Head of NRB

(Md. Quamrul Islam Chowdhury)
Additional Managing Director & CBO